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NEWS SUMMARY

GENERAL

U.S. to boost Pakistan security

President Carter said he had told President Zia of Pakistan that the U.S. wished to help assure Pakistan's security following the Russian invasion of Afghanistan.

The President gave no details of what the aid might consist of, or of which countries apart from the U.S. might provide it. But it is likely to consist of more economic aid, food aid and arms shipments, including aircraft.

The U.S. Administration also restricted Aeroflot flights to the U.S. and asked 17 Soviet diplomats and their families to leave New York. Back Page

Troops 'break ceasefire pact'

Commonwealth Governments and the African front-line states protested in London that the decision to allow South African troops to stay in Rhodesia during the ceasefire was contrary to the Lancaster House agreements.

In Mozambique, guerrilla leader Robert Mugabe accused British Governor Lord Soames of "flagrant violations" of the Lancaster House agreements and called on Mrs. Thatcher to intervene. Other Rhodesia news, Pages 3 and 4.

Crisis averted

The constitutional conference on Northern Ireland appeared to have survived its first crisis after Ulster Secretary Humphrey Atkins said no precise formulation of an agenda should be discussed. Back Page

Kidnap hunt

Army troops and helicopters searched a jungle area of northern Colombia for left-wing guerrillas who kidnapped Welsh millionaire's daughter Mrs. Teleri Jones, 43, and her son, Owen, 16, from their ranch.

Guerrilla killings

Three terrorist members of the Left-wing Red Brigades group shot dead three policemen as they made a routine patrol in north Milan. Page 2

Red alert

Lord Underhill, fomer Labour Party national agent, sounded a fresh alert on the need to publish evidence of infiltration of the party by Trotskyists in order to stop giving them a cloak of respectability. Page 6

Probe refused

Home Secretary William Whitelaw turned down a request from former Premier Sir Harold Wilson for an immediate public inquiry into the death in police custody of James Kelly. But he said an inquest would be resumed shortly.

'Copter records

A British crew flying a Sikorski S76 helicopter broke two 19-year-old air speed records. They flew from London to Paris in one hour 15 minutes and from Paris to London in one hour 11 minutes.

England defeat

England was defeated by six wickets in the second cricket test match against Australia giving Australia a 2-0 lead in the three-test series.

Briefly . . .

Two men in Chicago shot dead four people, wounded three, and kidnapped a girl aged 10. Police shot dead one of the men and the other was wounded and captured.

Funeral of murdered naturalist Joy Adamson took place near Nairobi as detectives continued to question three men.

Five masked bandits broke into the home of a goldsmith near Venice and escaped with 1,408 oz of bullion worth £379,700.

Judge Alan King-Hamilton QC, 76, left the Old Bailey after almost 16 years' service.

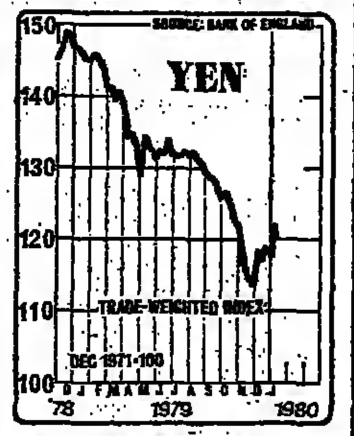
BUSINESS

Equities weak; $ support needed

● EQUITIES fell following the collapse of talks aimed at ending the steel strike, although a later rally pared the loss. The FT 30-share index lost 4.3 at 415.6.

● GILTS edged ahead awaiting the December banking figures. The FT Government Securities index rose 0.23 to 65.30.

● DOLLAR firmed on central bank intervention, including the U.S. Federal Reserve, to close at



DM 1.7135 (DM 1.7080) and SwFr 1.5760 (SwFr 1.5695). Its index rose to 84.4 (84.0) although in late trading it lost ground.

● STERLING was unchanged at $2.2620 although its index rose to 70.9 (70.8).

● GOLD fell $13 an ounce to $617 ($630) after an active day's trading in London.

● WALL STREET was up 2.90 at 834.90 shortly before the close.

● EUROPEAN COMMISSION regional development fund grants totalling £98.2m for the UK announced yesterday were the last to gain approval before the EEC budget was frozen last month. They include £27m for Scotland.

● RETAIL SPENDING recovered slightly in the autumn from the low levels of last summer, but was still below the level in April-June 1979. Page 6

● COAL is likely to be half the price of oil by the year 2000, a senior official of the Department of Energy has told the public inquiry into mining the Vale of Belvoir.

● AIRLINES of the world are increasingly worried by the prospect of declining profits in 1980 despite the rising volume of passenger traffic. Page 7

● FIAT TRUCKS subsidiary, IVECO, Europe's second largest truck group, has set up a UK subsidiary. British truck manufacturer ERF has negotiated a £5m loan from the European Community to help finance its new Wrexham plant. Page 7

COMPANIES

● STEAD AND SIMPSON pre-tax profits in the half-year ended September 30, 1979, rose 34 per cent to £1.97m (£1.47m). Page 16

● CENTREWAY taxable profits for the six months ended September 30, 1979, rose to £777,000 (£749,000) and turnover in vehicles and footwear rose to £13.74m (£4.21m). Page 16

● ESPERANZA taxable profits for the six months to September 30, 1979, fell to £1.4m from £1.74m on increased turnover. Page 16

● CIBA-GEIGY, the Swiss chemical group, made profits below the forecast level last year despite high volume sales. Page 21

● CELANESE CORPORATION expects 1979 earnings to rise by about 25 per cent over 1978, but to fall by 10-15 per cent this year. Page 20

● TOYOTA Motor Sales expect 1980 exports to rise nearly 11 per cent over 1979's 1.37m units. Page 4

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Excheq. 3pc 1981	£86½	+ ½
Excheq. 12pc 13-17	£86½	+ ¼
Carliol	140	+ 23
Centreway Secs.	165	+ 10
Common Bros.	305	+ 10
Decca	335	+ 10
Fisons	277	+ 14
GUS A	352	+ 6
Heath (C. E.)	200	+ 7
Homfray	22	+ 5
Howden (A.)	102	+ 5
Jones (Ernest)	172	+ 6
Minet	101	+ 3
Nova (Jersey)	32	+ 4
Office & Electronic	242	+ 8
Queens Moat Houses	35½	+ 2
Stenhouse	72	+ 4
Tyneside Invs. Trust	135	+ 21
Aran Energy	272	+ 12
Ashton Mining	149	+ 7

FALLS		
Abercom	123	− 7
Bowring (C. T.)	138	− 4
GKN	240	− 5
ICI	357	− 6
Lonrho	82	− 3
Tube Invs.	352	− 6
Anglo Amer. Crpn.	625	− 40
Buffels	£12½	− ½
De Beers Dfd.	456	− 27
Gld. Mns. Kalgoorlie	157	− 13
Metals Exploration	41	− 5
UC Invs.	385	− 30

Steel strike leads to lay-offs as private sector is hit

BY ALAN PIKE, LABOUR CORRESPONDENT

Private steel manufacturers are being increasingly hit by union efforts to intensify their action against the British Steel Corporation, although official policy is still that they should be allowed to work normally.

As the unions settled down for what they warn is likely to be a long strike:

DUCTILE STEELS at Willenhall, West Midlands, announced the first layoffs of the dispute because of the effects of picketing.

HADFIELDRS, a private steel company in Sheffield, warned that picket action could drive it to permanent closure.

METAL BOX, the major can manufacturer, warned customers in the food industry that they would feel the effects of the strike within a week unless picketing at three of its *factories* ends.

PICKETS plan to try to halt the imports of all steel and related materials at ports. This would add to the pressure on private steel companies;

BSC announced the lay-off in Scotland of 1,200 craftsmen, who are not yet involved in the strike, but may be after today if their own pay talks fail.

A meeting of the Iron and Steel Trades Confederation and National Union of Blastfurnacemen's executive yesterday had what Mr. Bill Sirs, the confederation's general secretary, described as a "hectic discussion" on the position of the private steel sector.

Mr. Sirs said there was evidence that some private manufacturers were re-labelling material originating from BSC. Companies where this was happening would be drawn into the dispute.

The Ductile Steel group last night laid off workers at its West Midlands re-rolling plant—with the threat of further lay-offs to follow — because of picketing by strikers who claim that the company is using BSC steel supplied from other sources.

In Sheffield, steelworkers intend to extend their picketing to all the companies in the city which use steel, and are continuing to picket private sector steel makers.

One private company in the city—Hadfields—warned in a cable to union leaders yesterday that unless pickets were removed from its gates it might be forced into permanent closure, with the loss of 2,800 jobs.

There is also a risk of the private sector in the West Midlands being drawn into a separate dispute. Mr. Sirs attended a meeting of the Midlands Wages Board in Birmingham yesterday afternoon, where private employers have offered about 8 per cent in response to a 25-30 per cent claim.

Mr. Clive Lewis, Midlands ISTC official, said unless the employers offered a substantial increase there would be a demand from private sector employees to come out on strike as well.

At yesterday's ISTC and NUB meeting executive members endorsed their negotiators' rejection of BSC's latest 8 per cent national offer which was

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WATER WORKERS PAY

WATER WORKERS in the National Union of Public Employees are to recommend their executive to authorise industrial action over pay in the water supplies and sewage industry. Page 9

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Interest on new Eurobond issues to be paid after tax

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

BRITISH COMPANIES making new Eurobond issues direct from the UK will in future be required to make interest payments after tax, as a result of an important change in Inland Revenue practice.

This means that bond issues in this form will no longer be practicable, since they would be unattractive to Eurobond investors who are able to receive interest before tax from other Eurobond issues. The Eurobond market has been a major source of finance for many large British companies.

The Revenue's changed position, so far unannounced, is a direct result of the abolition of UK exchange controls. It is intended to counter the possibility of UK residents acquiring such bonds, which are in bearer form and therefore untraceable, and failing to declare the interest received

Effectively, the change of practice means that foreign bond issues by British companies will in future have to be organised through offshore finance subsidiaries, at greater expense than direct bond issues. This method is already fairly common, and has been used in the past by British banks and companies.

But even this device may not ensure that UK investors will be able to buy British Eurobonds, and receive interest without deduction of tax. This is because interest paid by the offshore finance company and then paid or collected through a British bank, or a foreign branch of a British bank will still be liable to deduction of tax before it can be credited to the investor's bank account.

To counter this, tax accountants say Eurobond issuers may make greater use of non-British banks as paying agents, while investors may pay interest received into non-British bank accounts.

One view among tax accountants is that the new Revenue approach *may be the first sign* of a changing Government attitude to foreign borrowing by British companies. Foreign bond issues might be discouraged in *the future, they suggest,* simply by a ruling that interest paid on such bonds would not be tax deductible.

The new Revenue approach has been detected by several of the larger British accounting firms. One such firm, Thomson McLintock, has circulated a statement to its main clients about the implications of the move. Another large firm said it had encountered problems with the Revenue on a number of proposed Eurobond issues. In the past it had been normal Revenue practice to give rapid clearance on proposed Eurobond issues, with the right to pay interest gross, but this is no longer the case, a number of firms claimed.

Tax accountants and lawyers say they now find Revenue officials to be less co-operative, and generally discouraging of direct Eurobond issues.

The Inland Revenue's attitude is that this whole area is now subject to review as a result of the changed circumstances resulting from the removal of exchange *controls.* An official said final decisions have not yet been reached on all aspects.

Merchant bankers, accountants and lawyers alike argue that the new Revenue approach is against the spirit of the exchange controls relaxation. One leading merchant banker said the matter would be taken up with the Government through the Committee on Invisible Exports.

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Alcoa suspends Siberian talks

BY IAN HARGREAVES IN NEW YORK

THE ALUMINIUM Company of America has frozen negotiations on a $100m contract to help build an aluminium smelter in Siberia, because of the deteriorating relations between Washington and Moscow.

In a telegram to the Soviet Foreign Trade Ministry, the company said that it could not "secure the continued assurances of approval necessary" to complete negotiations as planned early this year.

Alcoa's action, which has not so far been followed by other U.S. companies involved in deals with the Soviet Union, was taken before President Carter's announcement of a ban on high-technology exports to the Soviet Union. The Administration is expected to clarify the list of embargoed exports later this week.

Negotiations on Alcoa's participation in the Siberian smelter project have been in progress since 1975. A mission had been expected to leave the company's headquarters in Pittsburgh at the end of last week to continue talks, but this was cancelled in the light of the Soviet invasion of Afghanistan.

The western consortium negotiating to construct the 44,000-tons-a-year smelter is led by the Kloeckner company of West Germany. It was not clear yesterday what impact Alcoa's suspension of its negotiations would have on the contract as a whole.

Ban on high technology, Page 4

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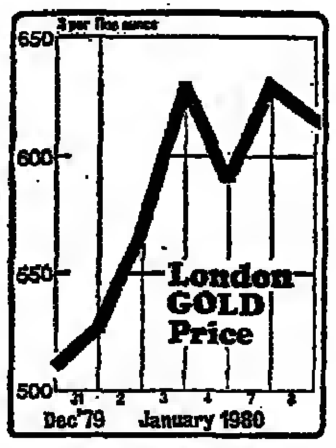

Gold falls $13 in London

BY PETER RIDDELL

THE PRICE of gold fluctuated sharply yesterday, ending $13 an ounce down in London at $617.

Dealers reported that markets were still extremely nervous but the trading was generally less feverish and hectic than in the previous week. There was also some profit-taking after a price rise of more than $100 in the week to Monday.

The price once slipped below $600 but most of the day's trading, and both fixings, were between $610 and $620.

Conditions were also somewhat quieter in the foreign exchange markets, where the dollar picked up after its sharp fall on Monday. Nevertheless, the U.S. currency lost ground towards the close, finishing at DM 1.7135 after a peak just exceeding DM 1.72, compared with DM 1.7080 on Monday.

Sterling remained firm against most currencies, closing unchanged against the dollar at $2.2620. The pound's trade-weighted index, measuring its average value against a basket of other currencies, rose 0.1 points to 70.9.

Bernard Simon writes from Johannesburg: South Africa has taken advantage of high bullion prices by selling about 50,000 oz of its gold reserves last month in addition to normal mine output.

Dr. Chris Stals, deputy governor of the Reserve Bank in Pretoria, said that South Africa earned about R6bn (£3.2bn) from gold exports last year compared with R3.8bn in 1978.

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£ in New York

—	Jan. 7	Previous
Spot	$2.2645-2660	$2.2390-2410
1 month	0.43-0.38 dis	0.33-0.28 dis
3 months	1.15-1.08 dis	1.20-1.15 dis
12 months	4.00-3.80 dis	4.35-4.15 dis

Money supply growth rate slackens

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of growth of the money supply and of bank lending slackened last month. But this is very unlikely to lead to any early change in Minimum Lending Rate, currently 17 per cent.

The banking figures, published yesterday by the Bank of England, suggest that sterling M3, the broadly defined money supply, increased by about ½ per cent in the three weeks to mid-December.

The official response is distinctly cool following previous false dawns. This is partly because the December figures, covering only three weeks, may be deceptively good.

There is suspicion, shared by some City analysts, that the outcome for the current banking month ending next week may be less favourable. Consequently MLR is likely to be kept at its present level for at least a month or two.

The small rise in the money supply last month reflected impact of heavy sales of gilt-edged stock offsetting public-sector borrowing. Bank lending was probably the main expansionary influence, though the increase is likely to have been much less than earlier in the autumn.

Unfavourable influences in the current banking month include smaller sales of gilt-edged *stock* and *reports* of a pick-up in bank lending.

There are indications that tax revenue is coming in more slowly than expected in the current period of heavy annual payments. Indeed there are growing fears that public-sector borrowing in 1979-80 may turn out somewhat higher than last November's estimate of £8.3bn.

If sterling M3 turns out to have risen by 0.5 per cent last month, this will indicate an annual rate of growth of 11.5 per cent since June against a rate of 12.9 per cent in mid-November.

This compares with an official target range of 7 to 11 per cent. But the figures are before taking account of acceptance credits or commercial bills held outside the banking system, which are excluded from the statistics but add at least two points to the underlying rate of expansion.

Interpretation of the banking figures is more than usually complicated this month. Eligible liabilities, a major part of the banks' deposits, fell by 1.2 per cent to £51.65bn in the three weeks to mid-December.

The difference between this *fall and the expected small rise* in sterling M3 can be explained partly by seasonal factors and by a series of transactions between the banks and the discount *market.*

In addition there appears to have been substantial switching out of sterling into foreign currencies by banks, probably because of a fall in very short-term UK interest rates compared with yields abroad in the middle of last month.

All these transactions have the effect of boosting the growth of sterling M3 relative to eligible liabilities.

Interest-bearing eligible liabilities dropped by 2.6 per cent last month, but the banking system as a whole was still above the permitted rate of growth allowed by the corset restrictions.

The pressure in the previous month is shown by the disclosure that 20 banks, a record number, faced penalties based on the mid-November figures.

The London clearing banks as a whole were just into the penalty zone. They report a small underlying increase in advances.

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Commercial vehicle sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SALES OF commercial vehicles set a record last year. Statistics to be published soon will show that registrations of new commercials reached 301,565, marginally above the previous peak of 300,343 recorded in the pre-oil crisis year 1973.

Last year's total was 17.3 per cent ahead of the 1978 level, and well above forecasts made at the beginning of 1979.

In all 1979 was a very good year for dealers. Car sales, at 1.71m, also topped the 1973 record of 1.65m.

Commercial vehicle-manufacturers did not give up as much ground to imports as car-makers.

In spite of *some production* setbacks, particularly the hauliers' dispute at the beginning of the year, the importers' share of the market rose only slightly, *from 21.7 per cent in* 1978 to 23 per cent.

Schmidt flies to Paris for talks on Afghanistan

BY JONATHAN CARR IN BONN

WEST GERMAN Chancellor, Herr Helmut Schmidt, and M. Valery Giscard d'Estaing the French President, are bolding unscheduled talks in Paris today to help co-ordinate their response to the situation in Afghanistan an Iran.

Herr Schmidt, who had been in telephone contact both with M. Giscard and with President Jimmy Carter over the past week, is flying in from Madrid where he has been on an official visit.

Both the French and West German leaders are expected to confirm their view that while the Soviet intervention must be condemned and an appropriate answer given to it by the West, the aim of East-West arms control cannot be dropped because of Afghanistan.

In Bonn it is noted that President Carter has so far spoken only of deferring consideration hy tha Senate of SALT II, not of dropping it altogether. It is stressed that the NATO offer of negotiation with the Soviet Union on the problem of intermediate-range nuclear missiles still remains valid.

Apart from this, the West Germans are hoping for French support for a drive to turn the Soviet military intervention into a political defeat for Moscow's policies in the Third World. This would involve, among other things, European Community encouragement of a closer alliance between independent countriea of the Middle East along the lines of ASEAN (the Association of South-East Asian nations).

However, while Bonn has said it will support President Carter in what Herr Hans Dietrich Genscher, the Foreign Minister, has called his "circumspect but determined" action against Moscow, France has indicated it does not support trade sanctions.

The West Germans agree that it is relatively easier for them than for the French to go along with an embargo on exports of grain or high technology, such as computers, to the Soviet Union, since they are hardly involved in either. These are two fields where President Carter has already announced the blocking of U.S. deliveriea to Moscow.

German expectations fall

BY OUR BONN STAFF

AFTER A long period of growing confidence, West German industrialists have becoma less happy ahont prospects in coming months. Manufacturers of basic and producer goods are the most pessimistic, but those involved in the key capital goods sector also expect a partial downturn.

This emerges from the latest survey of business opinion carried out by the IFO economic research instituta of Munich. However, even these results may already prove somewhat too positive since they reflect the business climate in November—before hoth the new OPEC oil price increases and the worsening of the situation in Iran and Afghanistan.

Despite hnsiness setbacks at home, however, there was still confidence ahout exports prospects. Bnt this too is likely to have diminished, both because of the lower economic growth now expected in West Germany'a main trading partners and because of fears of at least a partial trade embargo with the Soviet Union and its allies following the Afghanistan intervention.

French steel output rises

BY DAVID WHITE IN PARIS

THE FRENCH steel industry, currently in the throes of a job-shedding recovery programme, managed to increase its prodnction slightly last year by 2.3 per cent to 23.36m tonnes, according to the industry's employers' organisation.

This was despite production losses at the beginning of the year, when there were widespread strikes in Lorraina and northern France against tha Government's reorganisation plans.

The year's figure was boosted by a sharp 15 per cent Increase in December output, compared with the same month a year earlier. Pig iron production showed a more substantial increase of 4.9 per cent for the year, at 19.4m tonnes.

Another problem sector, textiles, faces further stagnation after a drop of 1 per cent in overall consumption in 1979, according to a report by the Textiles Economic Observation Centre.

Autumn sales were 3 per cent down on the levels of a year earlier, and the climate for the clothing business this year is becoming increasingly problematical. Orders on the bome market have stagnated since Novemher. With imports at a high level and France's foreign outlets declining, the industry is beginning to reduce production levels.

Demand for cotton goods, buoyant in the summer, has since dropped sharply, the centre aays. The same has happened more recently with woollens, but production levels have already heen adjusted

In synthetic fibres, overall demand appears to bave slowed. Export orders have risen slightly, but domestic orders have continued to fall and stocks of finished prodncts have increased.

Terrorists gun down Italian policemen

By Rupert Cornwell in Rome

THE EXTREME left-wing Red Brigades terrorist group yesterday struck again at the Italian state with the murder of three policemen in Milan 36 hours after the apparently political assassiniation of the president of the Sicilian region in Palermo.

The policemen, on a routine early morning patrol on the outskirts of Milan, were shot dead in an operation bearing the familiar hallmarks of very careful planning. Using another car to hlock the police vehicle, three terrorists poured in a hail of bnllets killing the officers almost instantly.

They escaped through the crowded morning traffic and shortly afterwards an anonymous telephone call claimed responsihility on hehalf of the Red Brigades.

This latest outrage, after Sunday's killing in Palermo of Sig. Piersanti Mattarella, underlines the seeming powerlessness of the Italian anthorities to get to grips with terrorism. This is despite almost daily arrests of suspects and new powers given police last month hy Parliament.

Fonr political killings have taken place since the new year. In 1979, according to figures issued by the Communist party, 44 people died in political assassinations. Yesterday's attack in Milan suggests that left-wing groups are continning their deliberate strategy of attempting to undermine the morale of the security forces.

Sig Mattarella favoured a lasting accommodation between his own party, tha Christian Democrats, and the Communists. He is the latest in a line of prominent figures to be assassinated in a city that remains a stronghold of Mafia. His death has increased a belief that an informal alliance may have developed between organised crime and political terrorists, against a common foe.

Paul Betts adds: The Italian trade unions and the national employers confederation, Confindustria, appear to have formed an unusual alliance to work jointly to tackle industry's growing energy difficulties.

With inflation running at an annual rate of ahont 20 per cent and the latest increases in oil prices, industry is alarmed ahont the growing decline of export competitivity and possible serious shortfalls in energy supplies

The unions are concerned that the poor short-term economic prospects could be translated into further unemployment and temporary layoffs.

Union leaders and Sig. Guido Carli, chairman of Confindustria, held consultations yesterday which seemingly marked an improvement in relations between the two after a long and severe period of labour unrest. Both unions and Confindustria have condemned the Government's new year emergency energy package as inadequate.

Swedes urged to produce less pulp

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE Swedish forestry industry sbould fell less timber, expand sawmill outpnt by cutting hack pulp production, and use more wood as fuel. The mills should put less faith in the conventional wisdom which states that they must integrate forwards into paper prodncts demanding greater processing and offering higher added value.

This heretical business strategy was outlined yesterday by Professor Sten Nilsson of the College of Forestry. It is the result of a two-year computer study of the Swedish forest industry based on a model developed by the World Bank.

The aim of the study was to find a structure for the industry which would demand the lowest possiole costs and give the highest possible export earnings.

The computer suggested that timber output from the sawmills should be raised by 50 per cent, mostly by establishing new plants in the interior of the northern parts of the country. These areas, which are most distant from the pulp mills, would also hear the brunt of the 4-5 per cent reduction in the annnal timber cut he proposes.

This cut in fellings—from 75m cubic metres a year to 71-72m cubic metres—would result in a 2 per cent improvement in the industry's overall economics, according to the computer analysis.

It also concluded that pulp output should be reduced by some 20 per cent, a suggestion which if followed would curb supplies of Swedish pulp to the European paper and board mills.

Manufacturing of chemical sulphate pulp, the most common grade, would be cut by around 10 per cent under the computer's recommendations.

Most surprisingly, professor Nilsson's study repudiates the idea that it would always pay the mills to concentrate on highly processed products. This strategy would call for the penetration of new markets and the development of new products capable of being made in long series, the computer indicated.

Professor Nilsson's analysis would result in some 10,000 jobs becoming redundant in the industry despite the expansion of the sawmills. But, as the professor recognised, company business policies are not likely to coincide with his computer analysis.

National profit-sharing plan startles industry

BY OUR STOCKHOLM CORRESPONDENT

A REVOLUTIONARY proposal which would provide a national profit-sharing scheme for Sweden'a 4m employees has startled the country's business interests. Tha plan is the hrainchild of Mr. Hans Werthèn, chairman of the Electrolux group.

Mr. Werthèn said yesterday in an articla in Svenska Dagbladet, tha Stockholm daily, that the national interest called for a revival in the profitability of industry and the transformation of a wide range of citizens into individual shareholders in Swedish business.

He emphasised that he was ontlining his personal views and not those of the Swedish Employers' Association, which he represents on the commission appointed by the Government to study a scheme for employee investment funds originally proposed by the LO, the hlue-collar workers' trade union federation.

Proposing that all employees, including those in Government or local authority service, should place 0.25 per cent of their annual gross earnings in one of several competing investment funds, Mr. Werthèn said the saving would average about SKr 15 (£1.63) a month per employee, but the portion saved wonld gradually he increased to 1 per cent of employees' earnings.

Each employee would receive an annual certificate of ownership which would increase in valne, if the fund managers invested wisely, and would be eligible for dividends. It would provide collateral for loans and could be sold freely.

Mr. Werthèn called for an end to double taxation on dividends and suggested that no capital tax would be paid on a certificate held for 10 years. Employees would exercise control by their freedom to switch savings from one fund to another and by voting directly for the funds' boards of directors.

The Electrolux chairman would complete his programme with individual company share-saving schemes which would be tax deductible up to a further 1 per cent of employees' gross earnings.

Martens fights to survive

By Giles Merritt in Brussels

THE BELGIAN Prime Minister, Mr. Wilfried Martens was last night struggling to maintain the unity of his nine-month-old coalition Government against worsening odds.

Following clear indications from two of the six political parties gronped in the fragile coalition that they may shortly withdraw, Mr. Martens yesterday afternoon discussed the worsening situation with King Baodouin.

Mr. Martens is also holding crisis talks with other party leaders, although the most serious hlow to his hopes of avoiding the coalition's collapse has already heen delivered hy the powerful Parti Socialiste. This francophone party has effectively joined tha militant FDF party that represents French speakers in Brussels in what appears to be an imminent walkout from the Government.

The issue that now threatens has triggered the strong reaction nation and a general election is the Government's plan to grant self-government powers to francophone Wallonia and Dutch-speaking Flanders and also to Brussels itself.

Flemish opposition to the inclusion of Brussels in the plan ment. The row over the precise from francophone parties that could topple the Martens government. The ro wover the precise status of the capital stems from the fact that its population is predominantly French-speaking, while the city is in Flanders.

Norway's oil fields face strikes

BY FAY GJESTER IN OSLO

NORWAY'S THREE producing oil and gas fields in the North Sea are threatened with a series of six-hour protest strikes this week which could cause significant losses in outpnt.

Production on the Frigg, Ekofisk and Statfjord fields conld he halted completely if management decides that the strikes could lead to safety risks.

The threat comes from about 2,000 workers who are protesting against a new law on incomes which they fear will prevent their independent union from hargaining for pay rises this year with the operator companies on the three fields.

Under the law, only unions with national negotiating status may take part in the forthcoming spring wage talks. The smaller nnions must accept awards fixed by the authorities, in line with the settlements reached for comparahle jobs by the larger labour organisations.

The "house" unions in the three fields have a wage agreement with the respective operating companies—Phillips, Elf and Mobil.

The workers on Ekofisk will strike for six hours on Wednesday, those on Statfjord for six hours on Thursday and those on Frigg for six hours on Friday.

Phillips plans to keep prodnction going during Wednesday's strike, with the help of senior staff, unless the Norwegian authorities order a shutdown for safety reasons. Mohil has not yet decided whether production on Statfjord will he stopped during the strike there, hnt output from Norway's part of the Frigg gas field will cease during Friday'a strike.

Meanwhile, four oil companies offered small stakes in three oil exploration concessions off Norway's northern coast have accepted the concession terms, and formal allocation of the concessions is now expected on January 18, the Oil Ministry confirmed on Tuesday.

The Ministry had earlier announced the names of most of the companies which will get shares in the three blocks. The four late-comers are Deminex, with 5 per cent in two of them—Blocks 6507/12 and 7119/12; Volvo, with 10 per cent in 6507/12; Amoco, with 10 per cent in Block 7120/12 and Hispanoil with 5 per cent in 7119/12.

Greek shipowners' pledge

BY OUR ATHENS CORRESPONDENT

GREEK SHIP-OWNERS have promised to try to bring an extra $1bn into the conntry this year in response to an appeal by Mr. Constantine Karamanlis, the Prima Minister, for help in improving the halance of payments.

Mr. Anthony Chandris, president of the Union of Greek Ship-owners, said the extra money would come partly by repairing more Greek ships in Greek shipyards—themselves in need of a boost—and partly from the payment of insurance premiums on Greek vessels to the branches of foreign insurance companies established in Greece.

Foreign exchange earnings from shipping last year exceeded $1.5bn and went a long way towards covering an oil import bill of $1.7bn. The current account deficit reachad $2.5bn last year, compared with $1.2bn in 1978. Oil imports alone are expected to cost Greece $2.5bn this year.

Mr. Chandris rejected recent European Press reports claiming that fraud and piracy on the high seas were to a large extent Greek prohlems. He pointed out that the Greek-owned shipping fleet was the largest in the world and it was inevitable that some ship-owners used unorthodox methods.

Madrid Talbot plant to reopen

By Robert Graham in Madrid

A BITTER labour dispute which led to a month-long closure of the Talbot plant in Madrid is in the process of resolution. The plant, with its 14,000 workforce, is due to reopen today after commitments by representatives of management and the trades unions under the aegis of the Ministry of Lahour.

The dispute bagan on November 14 when a car body fell on the assembly line. No one was injured but the incident signalled a sudden deterioration in labour relations.

Faced with mounting disruption the management closed the plant on December 3

Commission bid to widen regional fund's scope

By John Wyles in Brussels

FINANCIAL HELP for small and medium sized companies needing technical and managerial consultancy services may be provided this year by the European Commission if a row between the UK and other EEC members can be sorted out.

Sig. Antonio Giolitti, the Commissioner responsible for the regional development fund, indicated yesterday that provision of the support services was one of his aims in broadening the scope of the fund in 1980.

The first such use of Community funds was to have heen in some of the five projects which were hlocked by the British Government in the middle of last month because they did not involve a large enough slice of Community spending in the UK

The projects were to he financed out of the "ex quota" section of the regional development fund whereby the Commission can seek to allocate monies without reference to the national qnotas which determine 95 per eent of the total funds distribution. But approval for the projects looks likely to be delayed for several months unless the UK's demand for a re-distribution of the funds involved, £143m is satisfied.

Under the Commission's proposal the UK wonld receive 26.4 per cent of the new spending in contrast with its 27.3 per cent entitlement under the quota section.

Sig. Giolitti was reporting yesterday on the final allocation of £350m out of the Commission's 1979 budget for the regional development fund — the largest ever single tranche. These funds had already been allocated to national regional aid projects and he claimed that as a result some 53,000 new jobs would be created.

But, he said, the allocations confirmed a trend towards investment in infrastructure projects rather than directly productive enterprises. Some 72 per cent of the funds would go for infrastructure, disclosed Sig. Giolitti, who added that member states' "investment in the productive sector appears to be stagnating."

Since the fund was created in 1975 some £1.611bn has been dishursed for 9,183 projects and, according to Commission figures, some 290,000 new jobs have been created. However, critics frequently claim that the sums the EEC make available are both inadeqnate and manifestly failing to have any impact on the widening economic disparities between regions.

Swiss inflation 5.2%

Swiss inflation reached an annual rate of 5.2 per cent last month, according to provisional figures issued in Berne, writes John Wicks in Zurich. This is the highest for December since 1974. Nearly half Switzerland's inflation is due to higher oil prices. Another important factor is the sharp rise generally in import prices, partly as a result of the fall of the Swiss franc exchange rate.

Schmidt and Strauss court the trade union voters

BY ROGER BOYES IN BONN

WEST GERMANY'S political parties hava launched a determined hid to woo the unions before the October general election. But despita an almost 18th century courtliness on the part of the politicians, the union movement is proving a relnctant hride.

The courting began earlier this winter with the electoral equivalent of a conjuring trick: Herr Franz-Josef Strauss, the Opposition candidate for the Chancellery and the traditional ogre of the established union movement, closeted himself away for several hours with Herr Heinz Oskar Vetter, the country's leading unionist.

As if hy magic, long-standing differences between the two men seemed to disappear behind a fug of cigar smoke and cordiality. The meeting was hailed as a great success, although, in truth, little of substance amerged apart from a promise of gentlemanly relations between the Deutsche Gewerkschaftshund (DGB), the central union organisation, and Her Strauss's Christian Social Union.

Within a week it was business as usual. Leading trade unionists attacked the Christian Social Union for trying to link Socialism, and by implication the Social Democrats, with the roots of Nazism. The Christian Social Union meanwhile hroadened its stance even further and hinted that Communists had penetrated the unions.

The meeting between Herr Straus and Herr Vatter was none the less a sign of the electoral importance of the unions. The DGB, which groups 17 unions and claims a membership of 7.8m workers—about 80 per cent of the organised workforce—is roughly equivalent to the British Trades Union Congress. Theoretically independent of political parties, it tends in practice to lean towards the Social Democrats.

But how moch lee-way is there in this party alignment? How many union votes can the opposition parties hope to capture from the ruling coalition? The Cologne-based Institute for the German Economy indicated in a recent report that there was only limited scope for defection to the Christian Democratic Party or the Christian Social Union, its Bavarian equivalent.

At the same time it is clear that only a small shift away from the coalition could prove electorally decisive. Certainly the Social Democrats have not been taking union support for granted, having intensified their links with the DGB over the past two months.

Christion Democrat planners are pinning their hopes on two principal strategies. The first relates to the hard round of annual wage negotiations due in the next two months. While the negotiations often bave more in common with modern choreography than old-fashioned lahour conflict, the unions this year appear to be particularly entrenched.

After two years of moderate wage claims—last year settlements averaged between 4 and 5 per cent—the grass roots union membership is insisting on increased compensation for the higher costs of heating oil and petrol. The powerful metal workers' union, IG Metall, has put in for claims between 9 and 10.5 per cent, while the pnhlic service union is claiming a 9 per cent wage rise—both unusually high demanda in Germany.

Moreover both unions have recent strike experiance, and have stated that they are prepared to stage stoppages again this year if necessary. IG Metall has fresh memories of the hitter aix-week steel strike last winter. The public sector union, which has a membership of over 3.5m, held a strike in 1974 which seriously shook the credihility of the previous Social Democrat Government of Chancellor Willy Brandt.

Whether Chancellor Helmut Schmidt will fare any hetter with the public sector employees remains to be seen. Bnt the Opposition Christian Democrats appear to have calculated that whatever the outcome of a conflict with the pnblic services union—a bigh, conciliatory settlement or a tough settlement with the risk of a strike—tha Government will lose out.

The second element of tha Christian Democrat strategy involves convincing trade nnion members that they are being politically steam-rollered by the union leadership into support for the Social Democrats. According to figures issued by the Institute for the German Economy, 82 per cent of the members of onion boards within the DGB are also members of the Social Democrat party. Only 11 per cent heloog to the Christian parties, while 7 per cent belong to parties such as the Free Democrats.

While these naked facts are worrying for the Christian Democrats, party planners, notably Herr Norbert Blum, have pointed to the apparently wide gap between party allegiance within the leadership and the voting patterns of the grass roots membership. Only 6 to 10 per cent of the DGB membership actually belong to a political party, and only about two-thirds of them are members of the Social Democratic party.

At the last election in 1976, 57.8 per cent of union members voted for the Social Democrats. Bnt a substantial minority—28.4 per cent—voted for the Christian Democrats. Workers outside the DGB framework voted 32.7 per cent for the Social Democrats and 49.8 per cent for the Opposition parties. There are two major unions outside the DGB organisation—the Deutsche Angestellten Gewerkschaft and the Dautsche Beamtenbund, both of which contain strong Christian Democrat elements.

The Oppoaition parties, then, are keen to encourage the view that the DGB leadership only partly reflects the views of the working population, and that dissatisfaction with the DGB's political leanings should be reflected in votes for the Christian parties. Herr Strauss has indicated that he is in favour of a "pluralistic" union structure, whereby disgruntled unionists could leave the DGB and form separate organisations which could more closely express their political views. This is naturally hitterly opposed by the DGB.

In theory, therefore, thera is an exploitable gap between the political allegiance of the union leadership and the memhership. But it would he naive to infer that all conflict between regional union branches and the centralised leadership leads to an exodus of defectors to the Christian Democrats.

A row broke out last year between the regional laadership of tha Baden Wuerttemberg metal workers branch—which wanted a special oil supplement to compansate for OPEC price rises—and the central leadership of the union. The dispute, settled in favour of the central leadership, was an angry one and reflected disappointment among union members about the Social Democratic Government and about their central leadership, which seemed to be overly supportive of the coalition. Yet the figures show that the Social Democratic membership of the Baden-Wuertemberg branch is among tha strongest in the union.

Tha parliamentary halance ia snch that the Christian parties could come to power without the benefit of a mass defection of votes. If unionists choose to vote for the Ecologists party rather than the Social Democrats, their vote could push tha Social Democratic party's vital coalition partner, the Free Democrats below the 5 per cent margin it needs to he represented in Parliament.

Many unionists have expressed their opposition to nuclear power while the safety issue remains unresolved, but the union leadership, mindful of the number of jobs at stake, has solidly backed the Social Democrat party line on the matter. Nuclear power, they say, is essential as an interim source of energy, providing that a safe solution is found for tha storage of waste.

Those unionists unhappy with the Social Democrat position on nuclear power will not rush into the arms of Christian Democrats who ara far more zealous supporters of atomic energy—

The nuclear issue raises the question of what the Opposition parties can actually offer the trade unions. Herr Strauss has admittedly promised a large tax reduction package which should especially benefit the medium-paid union workers.

But the Opposition has yet to play the employment card, the most important of all. How will the Christian Democrats reduce unemployment, union leaders ask, and at the aame time cut public spending and launch sweeping tax cuts? The position of the Christian parties is still far too vague for the unions.

With unemployment ateadily falling hut still hovering around the 800,000 mark, the Government has also come in for its share of hrickhats. Bnt there is a belief, recently articulated by Herr Eugen Loderer, the Chief of IG Metall, that tha Free Democrats have been holding hack the Social Democrats over the past ten years of coalition government. The implication is that discontent over unemployment can best be dispelled by strengthening the Social Democrats' influence within tha coalition at the next election.

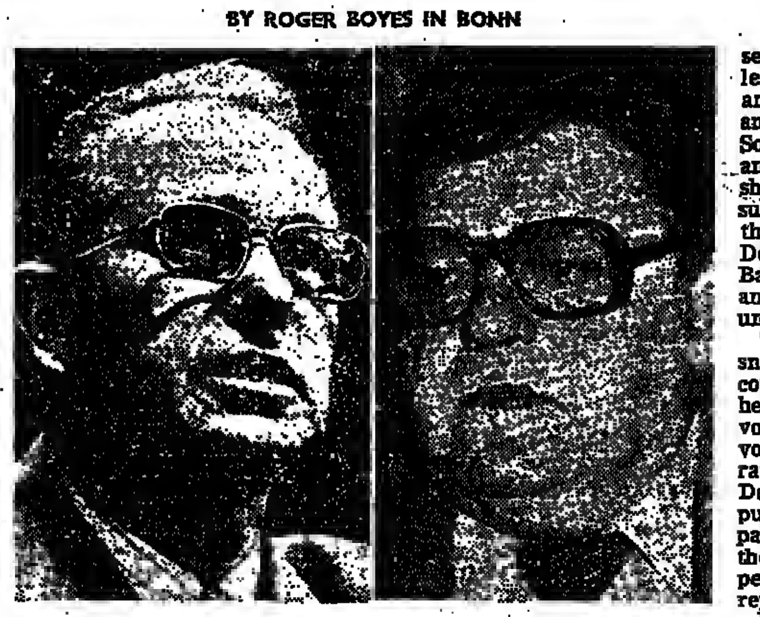
Chancellor Schmidt has meanwhile been polishing up the Social Democratic party's image for the unions. He has, for example, been warning companies that they should restrain price increases during tha coming year. A price-wage spiral, he maintains, is potentially more dangerous than a wage-price spiral induced by union wage claims. He has also criticised the oil majors for their pricing policies—mnsic to the ears of the trade unions.

More significantly, perhaps, Herr Schmidt has revived the ghost of the "concerted action" programme in which Government, unions and employers meet regularly at the highest level to discuss industrial relations and wages and prices. This programme was suspended for some three years after the employers' Federation lodged an appeal against the 1976 co-determination law which allows workers near-parity in the hoardroom.

The appeal was rejected earlier this year, which paved tha way for official meetings between top union and employers representatives and gave the Government a foothold again in the management of labour relations.

The whole range of Social Democrat leaders—including Herr Schmidt himself, Herr Willy Brandt, the Social Democrat chairman, Herr Herhert Wehner, the floor leader—have been holding talks with unions over the past two months, addressing rallies and aeminars and reminding the union movement of the traditional links with the Social Democrats.

On those occasions when imagination fails, they remind their union audiences that the alternative to the coalition is a Government under Herr Strauss. This usually provokes what union house-jonrnala like to call "stormy applause." The Central task of the Christian parties' link-man with the unions is to "de-mythologise" Herr Strauss before October and convince the working population that the Bavarian leader will not neglect their interests. It will be an uphill task.



Herr Heinz Oskar Vetter (left) and Herr Franz Josef Strauss: enmity vanishes in the smoke.

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U.S. air force trains with the Egyptians

BY ROGER MATTHEWS AND DAVID LENNON IN ASWAN

U.S. aircraft have carried out exercises in Egypt during the past few weeks to test the feasibility of military intervention in the Middle East region and camps have been opened for training Afghan rebels.

General Kamal Hassan Ali, Egypt's Defence Minister, said here yesterday that the Egyptian and U.S. air forces bad been training together. This followed President Anwar Sadat's offer to provide military facilities should the U.S. wish to intervene to free the embassy hostages in Iran or to come to the defence of friendly countries threatened by the Soviet invasion of Afghanistan.

Israel is known to be upset by the apparent American preference for Egyptian facilities, despite repeated offers by Israel of assistance to Washington in reinforcing its military posture in the region. Israel is still smarting from Washington's refusal to increase military aid while Egypt will shortly begin receiving $1.5bn-worth of U.S. military equipment and hopes to sign a second daal worth $3.5bn.

The turmoil in the region was again discussed yesterday during a second round of talks between President Sadat and Mr. Menahem Begin, Israel's Prime Minister.

General Ali said earlier that any possible military co-operation between Egypt and Israel would have to await a comprehensive peace in the area and agreement on Palestinian autonomy.

That topic, which occupied half the talks yesterday, remains s major sticking point in the development of relations between Egypt and Israel. A senior Egyptian official bas said that normal relations depend on progress on the Palestinian issue. Without that, bilateral relations would be "passive, formal and without substance."

An Israeli spokesman said that so far the talks bad been "very positive." He expected the final session tomorrow to be devoted mainly to bilateral questions.

However, there seems little doubt that Mr. Sadat and Mr. Begin have been happy to concentrate on regional issues on which thay more readily agree than on the Palestinian question on which they are sharply divided.

Mr. Menahem Begin, Israel's Prime Minister, and President Anwar Sadat of Egypt at Aswan for their talks yesterday.

L. Daniel reports from Jerusalem: The Israel High Court yesterday called upon the Government to show cause in 10 days why it should not comply forthwith with a court ruling of two months ago which ordered the removal of the Israeli settlement of Eilon Moreb on the West Bank of the Jordan, near Nablus.

Judgment was given two months ago after an application by Arab landowners for the return of plots in the area of Eiloo Moreb. After two postponements of action by the Government, 18 more Arab landowners whose holdings are affected applled to the High Court this week.

Our Foreign Staff writes: Egypt has won what should be seen as st least a minor diplomatic success in its fight against ostracisation by other Arab states because of its peace agreement with Israel.

The conference of Arab and African Foreign Ministers that was scheduled for next week in Tripoli has now been postponed until the end of March, according to the official news agency of the United Arab Emirates.

Postponement was because of African opposition to attempts by other Arab states to exclude Egypt from taking part in the conference.

Israel's Arabs question their fate

BY DAVID LENNON

ISRAELI officials have virtually thrown up their hands in despair of halting the growing nationalism among Arabs living in Israel who are becoming increasingly identified with the fate of all the Palestinians.

Government officials and academics agree that the Arabs living inside Israel's pre-1967 borders are becoming more radical. But few see any hope of stopping this trend without a solution to the Palestinian issue. The Prime Minister's adviser on Arab affairs resigned months ago and has not been replaced.

There has never been a serious effort to forge a single Israeli nation with equal rights and obligations for Jews and Arabs. This failure is now being expressed by the growing identification of the Arabs with the Palestinians of the West Bank and the refugee camps in Lebanon.

Mr. Menachem Begin, the Prime Minister, likes to declare that the border between Israel and the West Bank no longer exists. The Arabs in Israel agree, for exactly the opposite reasons.

Before Israel conquered the West Bank and Gaza Strip in 1967, Arabs living in Israel had little option but to accept Israeli rule, which was discriminatory and often repressive.

With the elimination of the border between Israel and the occupied territories, the Israeli Arabs have slowly begun to question their fate. Many now say quite openly that any solution of the Palestinian issue which affects only the West Bank and Gaza will not be acceptable. They, too, want to be included in the resolution of the Palestinian issue.

Just how far the identification of these Arsbs with the State of Israel has been eroded was revealed by a recent public opinion poll. It showed that over 50 per cent of them did not even believe in Israel's right to exist.

The small Palestinian Arab population which remained inside the borders of Israel when the State was created in 1948 has now grown to 500,000 people, about 15 per cent of Israel's population. When they are added to the Palestinians in the occupied West Bank and Gaza Strip, Israel is ruling 1.8m Palestinians.

Because each of the three sectors was ruled by a different country following the creation of the State, the problems of the Arabs in Israel, the West Bank and Gaza differ considerably. With the growth of Palestinian nationalism in the 1960s, the West Bankers and Gazans quickly identified themselves with the struggle. For the Arabs in Israel, it was more difficult. They knew just how tough Israel could be and how unrealistic most of the nationalist slogans were.

They also suffered from a lack of leadership, a low level of educational attainment and the total lack of an independent economic base. Most of their land had been confiscated by Israel.

Contact between the Arabs in Israel and those of the West Bank reawakened their identity. "I have one identity. I am a Palestinian although I have an Israel identity card," declared Mr. Mohamed Kaiwan, a lawyer from the Israeli Arab town of Umm el Fahem. He is one of the leaders of the Sons of the Village, a Palestinian nationalist movement which has been gaining support among the Arabs in Israel. The movement's followers openly declare that "while we live in Israel, we are not Israelis, we are Palestinians. We are the same victims of Zionism as the man on the West Bank."

They regard Zionism as a racist movement against which they have to struggle for equal rights and self determination. They regard the Palestine Liberation Organisation as their spokesman. "Those who ignore Yasser Arafat ignore the Palestinians," says Mr. Kaiwan.

The radicalisation is most pronounced among the younger Arabs, and sometimes they find themselves in conflict with their parents who fear Israeli reprisals. But with more than half the Arab population under the age of 16, the trend towards Palestinian nationalism can only increase.

There have been a number of open battles on the campuses of Israel's universities, where hundreds of Arabs study. Whenever the Arab students have tried to hold demonstrations of solidarity with the Palestinian cause, they have been confronted by right-wing Israeli students.

The polarisation between the Jewish and Arab communities is most openly expressed on the campuses, where the student unions of both communities are dominated by the radicals. A recent clash involved such weapons as bicycle chains and iron bars.

It is the feeling that Jewish extremists are treated more leniently than Arab extremists that is adding to the sense of alienation among the Arabs in Israel, who are only too well aware that they are an unwanted minority in the State.

The majority of these Arabs have no intention of moving to the West Bank, even if an independent Palestinian state were established there. "I will stay in Umm el Fahem and continue to be a Palestinian," says Mr. Kaiwan.

Others who do not wish to be named are more blunt. They want Israel to be de-Zionised, to become a state for both peoples, and no longer the exclusivist preserve of the Jews. The automatic right of Jews to immigrate should be abolished, and immigration for Jews, Palestinians or anyone else should be regulated in the same way as is immigration into other countries, "though not on a racist basis as in Britain," one adds.

Two-thirds majority near for Gandhi

BY DAVID HOUSEGO IN NEW DELHI

MRS. INDIRA GANDHI was within striking distance last night of the two-thirds majority of the Indian Parliament that could give her the power to amend the constitution.

With the rout of the Janata Party which was victorious in 1977 but which in the new Assembly is likely to have about 30 seats, the main opposition in Parliament is expected to come from either the Marxist Left Front or from Mr. Charan Singh's Lok Dal, representing the prosperous farming community of northern India. No party on its own will have the necessary 10 per cent of the 542 seats to constitute an official opposition.

Mrs. Gandhi's Congress Party also appears to have secured a higher proportion of the vote than in any other election since she took over as Prime Minister in 1966. On the basis of returns from half the Assembly seats she had polled 45 per cent of the vote as against a previous peak of 44 per cent in 1971 and a low of 34 per cent when she was defeated three years ago.

While there is widespread relief that the election has not resulted in the unstable coalition that many had feared, the eclipse of a parliamentary opposition is seen as a source of concern. Unlike the post-independence period when Mrs. Gandhi's father Jawaharlal Nehru presided over a Congress Party that also dominated the Assembly, there are now no politicians within the Congress with the stature to act as a brake on Mrs. Gandhi. Congress candidates were chosen mainly on the basis of loyalty to her or to her son, Sanjay.

Signs emerged yesterday that Mrs. Ghandhi's massive victory would result in fresh state elections when several local Congress presidents called for the dismissal of Janata-dominated state governments. Among states where early polls could be held are Bihar, Uttar Pradesh, Gujerat and Orissa.

Mrs. Gandhi is to be formally elected leader of the Congress Party on Friday after which she is expected to be called on to form a Government.

Premature refugee influx feared by Rhodesians

BY MARK WEBSTER IN SALISBURY

THOUSANDS OF Rhodesian refugees, who have come back across the border from neighbouring countries before reception camps are available, could pose a major health hazard, a Rhodesian Ministry of Health official said here yesterday.

He said that one group of about 2,000 had been seen near Plumtree on the border with Botswana. It is feared that they are the first of many who will return prematurely from among the 200,000 to 250,000 who have taken shelter outside Rhodesia in recent years.

The authorities are anxious to prevent many more refugees drifting in from Mozambique, Zambia and Botswana until reception facilities can be arranged. Many of them have been living in very poor conditions in their host countries and officials say they may be carrying diseases which would have to be treated before they could go home.

Officials are also worried lest the new arrivals find their homes destroyed and are unable to plant new crops having missed the planting season. They would thus be dependent on outside help for much of the coming year.

There is pressure from the political parties to get all refugees of voting age into the country before the February elections. But the international aid organisation which will be organising facilities for the return, says it would prefer it to be delayed for some weeks.

The return of the refugees will also increase the burden on the over-stretched police and civil administration. This has heightened speculation that the Governor, Lord Soames, might announce at least a partial call-up of security forces before the elections.

An announcement is expected about the call-up in nine days time but any further increase in the strength of the security forces is likely to anger the Patriotic Front guerrilla alliance. The Front has made it plain that it is prepared to accept the authority of the Governor and to help maintain law and order.

The security forces make no secret of their anxiety about any deployment of Patriotic Front guerrillas to maintain the ceasefire. They point to an incident in which six civilians died when they were caught in cross-fire during a gun battle at a shopping centre on Saturday between police and Patriotic Front forces loyal to Mr. Joshua Nkomo. The shooting started after police took up positions near the shopping centre when a shop-owner called for help because his store was being robbed.

Carrington's 5-nation tour

BY OUR FOREIGN STAFF

LORD CARRINGTON, the British Foreign Secretary, is due to fly to Ankara today on the first leg of a trip which will also include Oman, Saudi Arabia, Pakistan and possibly India. His decision to visit Pakistan is a clear indication of how the Soviet invasion of Afghanistan has altered western imperatives.

In the past Britain has been chary of publicly holding out a hand to the regime of General Zia-ul Haq. Distaste at the execution of Mr. Bhutto, the fromer Prime Minister, and concern over Pakistan's nuclear programme reinforced the desire not to be identified with an unpopular regime.

Lord Carrington is due to spend January 14-16 in Islamabad. He then hopes to travel to New Delhi although this has yet to be arranged with the new government of Mrs. Gandhi.

In Ankara, Lord Carrington will be expressing solidarity with an ally in severe economic and political trouble.

The trips to Saudi Arabia and Oman were due to take place next month and have been advanced because of the Afghan crisis. Oman, which Lord Carrington is to visit after Turkey, has been expressing alarm over the Soviet build-up in the Horn of Africa and Afghanistan for the past two years.

Ban on high technology worries U.S. exporters

BY IAN HARGREAVES IN NEW YORK

THE FRAGILE PLANT of U.S.-Soviet trade in manufactured goods could be dealt a mortal blow by the latest recourse of the Carter Administration to the trade weapon in its relations with Moscow. Four weeks ago, hopes of the relatively few U.S. exporters actively involved in the Soviet market were high that conditions were emerging to make 1980 a landmark year in trade with the Soviet Union.

Armco, the steelmaker, after months of fraught negotiation hed just signed a $350m deal to belp Japanese interests build an electrical steel manufacturing plant in Novolipetsk and the Aluminium Company of America was pressing ahead with an even bigger deal to build an aluminium smelter in Siberia.

Armco's view yesterdey was that it still bas no cleer directive on the definition of high technology, but that it was hopeful its recently-signed contract would not be revoked. Others involved in U.S.-Soviet trade were less optimistic.

The question of definition is likely to prove crucial. Last time President Carter used the trade weapon against the Soviets —in July 1978 in protest at trials of dissidents—he also singled high technology deals.

On that occasion, Sperry Rand was refused an export licence for the sale of a computer tn the Tass news agency. Four months leter, the licence was granted but in the meantime Honeywell Bull of France had stolen the sale. The only other licence to be reviewed related to a sale of oil drilling equipment and this was granted after a period of review.

This time, American businessmen feer Mr. Carter's actions will ba tougher and of longer, more lasting impact. Mr. John Budd of the Emhart Corporation, wbich sells around $20m of computer controlled engineering equipment to the Soviet bloc each year, describes as "ironic and contradictory" Mr. Carter's drive to develop international trade at the same time as he is jeopardising the reputation of U.S. business as a reliahle source of supply.

At present, the sums involved in U.S.-Soviet trade are not large. Preliminary figures for last year put U.S. exports at $3.4bn, of which agricultural products (now the subject of the Carter embargo) accounted for $2.6bn. Only around $200m of the total last year was classified hy tbe Department of Commerce as high technology—mainly prodncts involving sophisticated electronics. U.S. exports to the rest of the Soviet bloc in Europe last year came to $1.77bn.

$300m wheat losses

WASHINGTON — Mr. Bob Bergland, the U.S Agriculture Secretary, estimated yesterday that export companies and storage concerns would lose $300m as e result of the Administration's suspension of grain sales to tbe Soviet Uninn.

Appeering on television, Mr. Bergland said the losses would occur despite the range of measures being taken by the Government to compensete farmers and the export companies for the lost seles.

He added that the $300m estimate did not include tbe costs to the taxpayer for the measores, such as the Government's programme to purchase tbe contracts of the grain hlocked for shipment.

"People will be burt all along the line, from the barge operators to the mill bands and nthers," Mr. Bergland said.

Grain prices would not necessarily plummat due to the suspension, be aaid. Much of the embargoed grain would be placed in storage and isolated from the market.

The money spent to assume the contracts—covering 10m tonnes of corn, 3.7m tonnes of wheat, 740,000 tonnes of soyabeans, 400.000 tonnes of soyabean meal and 30,000 tonnes of soyabeen oil—will be recovered wben tbe grain is sold from the Government's stocks, he said.

Mr. Bergland estimated thet a total of 1bn buabels of corn will be held "until conditions warrant." Weather factors would affect the corn market "three times more than the suspension," be said. If corn yields this year plunge to 80 bushels an acre, then the U.S. would use up its reserves.

Reuter

Mr. Beb Bergland, Agriculture Secretary . . . everyone will be hurt by embargn.

Oil industry workers to strike

BY IAN HARGREAVES IN NEW YORK

AROUND 60,000 oil industry workers bave decided to go on strike following an impasse in talks on revisions to their two-year pay contract.

The Oil, Chemical and Atomic Workers' Union called its second nationwide strike in a decede and predicted "a bard fougbt confrontation hetween a relatively small group of workers and the richest and most powerful industry in the world."

Althougb the union represents 70 per cent of the workers at U.S. oil refineries, tbe strike is not expected to bave a significant early impact upon tbe availebility of petroleum products.

Mr. Robert Goss, the union's president, said that supplies of petrol were high enough to avold sbortages to consumers, unless the oil companies chose to create a petrol shortage to hring pressure on the union.

The oil companies have indicated that they are willing, as in past disputes, to use supervisory staff to keep the highly automated refineries in operation.

The union is attempting to renegotiate the second year of a two-year pay contract signed in January, 1979, as permitted under the terms of a reopener clause.

Gulf Oil, the lead company in the negotiations, has offered a wage increase of 9 per cent, but the union is pressing for a flat rate cash increment instead. There is also a deadlock over the union's demand for a fully funded and comprehensive health care plan for its members.

Canadian surplus up to £200m

CANADA's trade surplus rose to a seasonally adjusted C$528m (£200m) in November, up from C$351m in October, the Government statistics agency said yesterdey, Reuter reports from Ottawa.

Exports fell 2.7 per cent to C$5.8bn, with rednctions in ahipments of whaet end mennfectured goods. Imports fell more abarply, dropping 6 per cent to C$5.27bn, largely because of reduced purchases of manufactured goods aod fabricated materiels.

Warships leave

The nuclear-powered guided missile cruiser Long Beach and six shipa which can land marines were heeding across the Pacific yesterday with five more U.S. warships scbeduled to depart on Friday, AP reports from San Diego. Tbe Navy refused to say exactly where they were going.

U.S. budget deficit predicted at $15bn

WASHINGTON — President Jimmy Carter's proposed 1981 Budget will show a deficit of just over $15bn and inclnde no new tax proposals, Administration officials said yesterday. Delaying or trimming tbe social security tax increase dne in January, 1981, and offering new tax inceotives for business investment bed heeo considered.

New taxes on petrol and other energy sources, to discourage consumption, bad also been looked et, but officials said there will be no new tax proposals in the budget because the Administration wants to avoid aggravating inflation. The $15bn deficit reflects a week economy and efforts to challeoge the Soviet military posture, they said.

The Budget, to be put to Congress on January 28, will cover the spending year ending in Octobar, 1981 and will mark the abandonment nf President Carter's 1976 election promise to try to halance the 1981 budget and cut unemployment to about 5 per cent.

However, the projections for the 1982 Budget year will show e surplus, officials said, thougb they declined to estimate its size.

The 1981 Budget shows that tbe U.S. will run e deficit for at least one more year, and the unemployment forecast contained in the budget documents predicts e rise to near 8 per cent later this year from 5.8 per cent now. The basic 1981 budget already approved calls for Government spending of aboot $615bn and revennes of about $600bn.

The deficit in the current budget year is estimated $33.2bn, with spending of $547.1bn. The proposed deficit of just over $15bn for fiscal 1981 would be the smallest since spending exceeded revenues by $4.69bn in 1974.

Tehran clarifies oil sales policy

By Simon Henderson in Tehran

IRAN IS making clear that proposals for Western nil companies, notably BP and Shell, to refine a significant part of of the country's crude oil prodnction is a toughening of its sales policy. It is a way of increasing Iranian oil revenue rather than boosting oil sales.

Mr. Ali Akhbar Moinfar, Oil Minister and head of the National Iranian Oil Co., said on Iran radio yesterday that Iran had not signed any contracts for refining oil with any company. The contracts were only for the sale of crude oil.

Instead, Iran had been able to make British Petroleum and Shell agree that because of the extra oil they wanted to purchase, Iran would be a partner in the profit of the higher refined oil.

BP and Shell were originally offered 100,000 barrels per day and 80,000 bpd respectively fnr their 1980 contracts but after difficult negotiations eventually signed nine-month contracts for a total of 265,000 bpd, according to NIOC officials. This would mean that Iran is demanding a share in the profit from the refining of the extra 85,000 bpd of crude oil.

Iranian demands during negotiations also included the purchase of part of the contracted volume of extra quantities of heavy fuel oil.

Mr. Moinfar said that on the refined oil Iran was to receiva a guaranteed minimum of $2 per barrel on top of the crude oil price. The contract price for Iranian crude for both BP and Shell is an average $30 a barrel, 50 per cent at the official Iranian price ef $28.50 per barrel with the other 50 per cent bearing a $3 surcharge.

The refining agreement means that effectively 30 per cent of Iranian crude sales to BP and Shell bears another $2 surcharge.

NIOC officials say that four other companies have this refining nbligation with Iran. They did not name them but the companies are probably Japanese. Mr. Moinfar said 50 contracts with companies from 30 different countries had now been signed.

Toyota sees 11% export rise in 1980

BY RICHARD C. HANSON IN TOKYO

TOYOTA MOTOR SALES, the marketing arm of Japan's largest motor company, expects that its exports in 1980 will increase nearly 11 per cent over last year, when a "*happy miscalculation*" resulted in an unexpected record export performance.

Toyota's exports last year of completed vehicles were up 3.8 per cent to 1.37m units. Just one year earlier the company had predicted exports would at best he flat (the industry-wide export total, in fact, showed a 5.9 per cent rise) mostly as a result of lost competitiveness dne to the yen'a higher valne.

That situation, bowever, turned around dramatically: the yen fell from a *1978* peak of 175 yen per dollar to a 1979 high of yen 250 at one point. More importantly, sales in the huge American market which Toyota early on thought would be sluggish, turned strong from last spring. Higher oil prices boosted demand for fuel efficient small cars built by Japanese makers. In 1980, Toyota expects to at least maintain last year's 630,800 unit sales level in the U.S.

Exports elsewhere, particularly to Middle East countries like Sandi Arabia and Iraq, are expected to make np the biggest part of a 150,000 unit rise to another record 1.52m vehicles this year.

The expected rise in exports conpled with a 4.9 per cent increase in domestic sales (following a better than anticipated 7.3 per cent 1979 gain) will mean that Toyota has moved solidly into its long sought goal of producing more than 3m vehicles a year. The target for 1980 is 3.22m units.

The company, however, still faces the difficult decision of when and bow to expand into production in the vital U.S. market. Toyota remains cations about making such a move, but it is generally expected that a decision could be made in the next few months.

According to top ranking Toyota officials, speaking at a start of the year Press conference, the most likely first step would be towards production of its popular light pick-up trucks in America. Mr. Nobuji Araki, chief of overseas marketing operations, said he would like to see a doubling of Toyota's present truck sales in the U.S. before moving to full-scale production. Toyota is, in fact, planning to increase its American production of truck backs for the chassis it ships from Japan from 8,000 per month to 13,000 a month by next August (at a cost of $18m).

At home, Toyota Hotor Company (the group's main producer) is planning to improve and expand its production facilities over the next three years by spending up to Y180bn (£344m) each year. This will be the most Toyota has ever spent for new plant and equipment, centreing around a hrand new car production facility.

Smiths wins £3.6m China order

BY DAVID FISHLOCK, SCIENCE EDITOR

CHINA has ordered a package of machines and manufacturing technology worth $8m (£3.6m) from Smiths Industries, to npdate and double the capacity of spark plug manufacture in China to 25m a year.

The contract — one nf the first major British deals with Chine — includes delivery of specialised process and assembly equipment for a higbly automated new factory to be built near Nanking.

This is to be completed by the end of 1981, and paid for with a down payment of 15 per cent and further payments against shipping documents on the machinery.

Smiths, once a major mannfacturer of spark plugs, today has only a small production of its own but concentrates in its spark plug division on licensing technology and specialised machinery.

Annual earnings worldwide from such sales are about £3m-£4m a year, estimates Mr. Steven Gortvay, divisional chairman. Its customers include the largest U.S. manufacturers with outputs of several bundred *million spark* plngs *a year. Mr.* Gortvay claims that no nther company is willing to license e complete manufacturing sequence for this product.

The manufacturing machinery, which includes chemical processing plant and automatic assembly carousels, will be manufactured at Smith's Rugby factory.

The licensing agreement has been made with the China National Technical Corporation, with finance negotieted by Lloyds Bank Internetional in association with S. G. Warburg. Credit facilities were arranged *with Bank of China* under the guarantee of the ECGD.

Rhodesia eastern border to open

BY QUENTIN PEEL IN JOHANNESBURG

THE BORDER between Rhodesia and Mozamhique, closed since the Frelimo Government imposed sanctions on the Salisbury regime in March, 1976, will reopen on Saturday, it was annonnced bere yesterday. The first crossing to come into operation will ba the road ronte at Forbes border post, outside Umtali, hut the rail route at the same point will remain closed for further talks between railway officials next week.

Tbe Nyamapanda border post, wbere the Salisbury-Blantyre road crosses into Mozambique's Tete Province, will open as soon as possible after Saturday, according tn a statement released yesterday hy the Ministry of Transport and Power. However it is understood that problems with immigratim facilities are bolding up reopening of the road, which used to be the major link between Rhodesia and Malawi.

Agreement on the moves follows e meeting et the weekend between Mozambiqne and Rhodesian transport and communications officials.

It was also agreed in principle at the meeting that air links, posts and telecommunications between the two countries would be resumed after negotiations on technical details. Telegraph, telex and telephone services between Salisbury and Maputo bave already been re-established, and those to Beira are expected to resume "within a week or two.

Air links, to be operated by Deta and Air Zimhabwe Rhodesia, will be recomended for approval hy the respective civil aviation authorities.

Brazil and Iraq in nuclear deal

By Diana Smith in Brasilia

BRAZIL has signed an agreement with Iraq for the peaceful use of nuclear energy, the Brazilian Foreign Ministry has disclosed.

The agreement was signed on January 5 in Baghdad by Dr. A. K. Al-Nashmi, vice-president of the Iraqi Atomic Energy Commission: It had been signed previously in Rio de Janeiro by Sr. Paulo Nogueira Baptista, president nf the Brazilian Nnclear Agency, Nnclebras.

On October 1, a memorandum was signed by both parties in Baghdad which listed possibilities for co-operation in nuclear energy. According to the text released by the Brazilian Foreign Ministry, the January 5 agreement covers:

- Survey of resources, uranium prospecting and mining;
- Supply (by Brazil) of raw and slightly-enricbed uranium —the latter, eventually, in the form of fuel elements for nuclear reactors;
- Reactor safety methods;
- Exchanges of experience in use of the International Atomic Energy Agency's (IAEA) International nuclear informetim system;
- Exchanges nf visits tn research and development institutes and joint scientific experiments;

Both sides also committed themselves to informing the IAEA of negotiations over pertinent safeguards. The agreement stresses their support for the principle of non-proliferation of nnclear weapons.

Iraq bas signed the nuclear non-proliferation treaty. Brazil has refused to do so, on the grounds that it would he tied to the whims nf the nnclear "cluh." It has, however, committed itself to IAEA safeguards, under its 1975 $16bn nuclear equipment and technology agreement with West Germany.

The Brazilian Foreign Ministry maintains that items covered by the Brazil-Iraq agreement are outside the definition of "sensitive" material, equipment or technology, and dn not infringe on Brazil's agreement with West Germany.

Trade deficit widens again

By Our Brasilia Correspondent

BRAZIL'S trade gap widened to $2.4bn (£1.1bn) through November, largely due to a 47 per cent increase in the price of imported oil during the year.

In Novemher, monthly imports rose to $1.71bn, with $612m spent on oil, while exports were $1.29bn, causing a daficit of $420m.

With imports for the 11 months nf $16.13bn, and exports of $13.73bn, the accumulated trade deficit was 155 per cent larger than the January-November, 1978, deficit, according to the *Bank* of Brazil's foreign trade bureau, CACEX.

Overall exports grew by 20 per cent compared with 1978, while imports rose by 30 per ceot. In January-Nnvember 1978, imports totalled $12.38bn while exports totalled $11.446bn.

- Twenty-nine days after a 30 per cent maxi-devaluation of the Cruzeiro, the Brazilian Government has returned to its practice of mini-devaluations. The new rates, valid as of yesterday, constitute a 3.2 per cent adjustment of the currency against the basket nf hard currencies, falling to Cr 43.69 to buy and Cr 43.89 to sell, against the dollar. In 1979, there were 17 adjustments of the Cruzeiro.

ECGD backs RB-211 loan

THE Export Credits Guarantee Department has guaranteed the funding and repayment of a loan for £3m and HK$107m which Antony Gibbs Holdings, acting for a syndicate of hanks, has made available to Cathay Pacific Airways, Hong Kong.

The loan will help finance a contract awarded to Rolls-Royce for the supply of RB211-524 engines and spares for use in the second and third Boeing 747 aircraft ordered by Cathay Pacific Airways. The aircraft are dne for delivery in April and July 1980.

This is the first ECGD-backed loan to be arranged using more than one currency. The banks in the syndicate are Mercantila Bank Limited and National Westminster Bank.

Focus on a small but vigorous aircraft manufacturer

Finding a formula for rapid growth

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A RECENT spate of new orders for two small airliners—the 50-seat, four-engined turho-prop Dasb 7 feeder-liner, and the 20-seat twin-turho-prop Twin Otter —has focused attention on the rapid growth of small hut vigorous aircraft manufacturer, de Havilland Aircraft of Canada (DHC), of Toronto, Ontario.

De Havilland Aircraft of Canada was founded in 1928 as a subsidiary of Britain's de Havilland Aircraft Company. It became part of the Hawker Siddeley Group in the post war period, but in 1974 was sold to the Canadian Government, which said lt planned to operate the company only until responsible Canadian investors could be found to take it over. The *future of this plan remains* uncertain until after the forthcoming Canadian elections.

In recent years, DHC has expanded vigorously, basing its attack on world markets on a aeries of small, light transport aircraft offering exceptional fuel economy with low noise levels and bigh manoenvrability, especially for short take-off and landing (STOL). This formula is now paying off well.

At the end of 1979, DHC bad orders and options for 79 of its Dash 7s, of which 17 had heen delivered to operators in six countries. The backlog of orders for Twin Otters was 63 aircraft, the highest in the 13-year history of the Twin Otter, during which time more than 650 of these versatile aircraft have heen delivered to operators, civil and military, in over 80 countries.

Continuing its specialisation in this STOL transport field, DHC also huilds the Buffalo twin-turbo-prop transport for military duties, with over 100 sold, to 14 countries, hut a civil passenger/cargo counterpart, the Transporter, is also on the way, while yet anothar commuter airliner, the 32-seat twin-engined DHC-8 is expected to be flying by 1982, for deliveries from 1984.

In one recent week DHC landed new orders worth $70m (£31m), all for export. Ethiopian Airlines ordered two Dasb 7s and six Twin Otters. Rio Airways of Texas ordered two Dash 7s with options on two more; Hawaiian Airlines ordered two Dash 7s, with two on option; Air Wisconsin, which already uses three Dash 7s, converted two options to firm orders and took options on two more; while Ransome Airlines of Pennsylvania ordered a third Dash 7, and took options on three more.

De Havilland's popular Dash 7 commuter airliner

DHC's growth can he gauged from the comment by Mr. John Sandford, DHC's president, that those $70m deals were equal to the company's entire sales during 1975. Each Dasb 7 costs about $7m inclnding spares.

Other recent orders for Dasb 7s have included two from Brymon Airways, the UK regional airline which bas extensive routes in the West country, and links with Gatwick Airport and the Midlands. Brymon will take delivery in mid-1981.

To keep pace with the increasing demand for both the Twin Otter and the Dash 7, DHC has a $23m expansion and re-equipment programme under way which will enable it to raise production of Twin Otters from four to seven aircraft a month, and of Dash 7s from one to three aircraft a month.

Employment at de Havilland bas risen from less than 2,000 in 1973 to more than 4,600 today.

The DHC formula of high manoeuvrability, low operating costs and low noise levels makes its range of aircraft highly suitable for small, rugged airfields and simple airstrips, oftan in reginos with higb mountains or other terrain difficulties close by, or even for inter-city sarvices where tall buildings stood close to the airstrips.

The aircraft have proved themselves exceptionally useful in the undeveloped countries of the Third World as well as in more developed countries wbare *small communities* need air services, but where neither tbey, nor the airlines, can neither afford nor need bigger, more expensive aeroplanes.

Mr. Sandford said recently that DHC'a studies "have confirmed that there is a significant world market fnr a medium-sized, commuter-type airliner such as we are planning.

Mrs. Byrne battles for control of Chicago's Democrats

BY MARALYN EDID IN CHICAGO

CHICAGO'S monolithic Democratic Party is cracking under the strain of Mayor Jane Byrne's determination to become its undisputed leader. Mrs. Byrne bas relentlessly moved to consolidate her control by squeshing all potential threats since becoming Mayor in April.

She swept into office with 82 per cent of the vote after defeating incumbent Mayor Michael Bilandic—the party'a preferred nominee in a bitter primary battle *last winter. She* is now determined that no one will challenge her in the same manner.

But since her October 30 endorsement of Senator Edward Kennedy's hid for the Presidency a growing list of party stalwarts—including the state comptroller and treasurer, tha county assessor and a former lieutenant governor — have hucked her will and announced their support for President Jimmy Carter.

Mrs. Byrne is fueding with Stete Senator Richard M. Daley, tha son of the late Mayor, Richard J. Daley (who ruled the party with an iron hand for more than two decades and launched Mrs. Byrne's political career), in an effort to prevent his emargence as e rival for the top city job. She is also jousting with party activists whose growing distaste for the Mayor and whose loyalty to the Daley family is prompting their support for the Daley heir.

Democratic politics in Chicago have assumed national significance in the past. For instance, Mayor Daley dalivered the 1960 presidential candidate John Kennedy the votes necessary to defeat Richard Nixon and helped secure the 1968 Democratic nomination for the late Senator Hubert Humpbrey.

Mayor Byrne has created an atmosphere at all levels of city government that makes it possible for ber to assert ber will. Opponents in the City Council have heen tamed and the pockets of resistance remaining in the party's central governing hody have been stifled.

"It's all up for grahs," said one insider. "She has the jobs and they have a vested interest in keeping themselves affluent or prestigious or powerful. No one cares about the party any longer, just about their own jobs. There's a total hreakdown of discipline and loyalty."

The ramifications of these eventa are several. First. The Democratic Party has dominated public life in Chicago for more than 50 years and significantly influences county, state and often national politics, and no one knows whether it will aurvive these shocks in unaltered form. The public surfacing of independent and contradictory thought is virtually unheard of in Democratic circles bere.

While such recent spectacles could be part of the shakedown process still affecting the party three years after Mayor Daley's *death*, the *probability* of *long*-lasting change mounts daily.

For instance, Senator Daley is threatening to run for the Democratic nomination for State's Attorney without party approval, a gift that has been awarded to Mrs. Byrne's choice for the *post*. Yet a recent *poll* shows that voters fevour Senator Daley over the party candidate. Independent politics may yet make its mark in the organisetion.

Second, tense relations between City Hall and Washington over *Mrs. Byrne's pro-*Kennedy posture are jeopardising needed Federal aid. City officials say that Federal bureaucrata have told them that Chicago will not suffar from vindictiveness but that the breaks previously extendad Chicago on Federal grant applications and on enfnrcement of Federal regulations will not be available any longer.

Mr. Neil Goldschmidt, the Secretary of Transportation in Washington, bas publicly declared his refusal to work directly with the city while the Chicago director of the Small Business Administration suggested the city may not receive extra funds sought by community *groups for* local economic development projects.

Mrs. Byrne's endorsement of Senator Kennedy and subsequent meddling has hindered his campaign. Sonrces close to City Hall and the Kennedy team say that Mrs. Byrne's *insistence on controlling* the Senator's efforts in Chicago have discouraged avid Kennedy supporters who are not part of the Democratic organisation and that her overbearing presence prevents the Kennedy people from sending in unapproved professionals to work with local political leaders.

Such disaffection, coupled with strong pro-Carter sentiment among Democrats in downstate Illinois, has created a wedge the Carter people are prising ever wider. Meanwhile, well-placed political sources speculate that Mrs. Byrne hastened ber pladge to Senator Kennedy to prevent State Senator Daley from npstaging ber with an endorsement, thus setting in motion his own campaign to reacb City Hall some day.

Finally, many prominent citizens fear the deterioration of Chicago's history and reputation as a *politically* stable and financially sound city. They claim the Mayor is spending too much time campaigning for her man and too little time governing Chicago. The public school system is close to hankruptcy and locked in dispute with Washington over *desegregation* plans. Chicago's bond rating was recently lowered and the city borrowed cash from local hanks early this year.

Mayor Byrne has earned a reputation for speaking without regard to whom she offends, for carrying grudges and executing revenge, and for reversing her position and then blaming the Press for misinterpreting her. Previous administrations have enjoyed good working relations with the local business community, each helping the other achieve its goala, but Mrs. Byrne professes hostility towards the "estahlishment" and maintains little contact with business leaders.

Her popularity is sinking, with many people who once admired her candour and spunk now disturbed by her so-called manipulative behaviour and sbrill manner of speech. The letters page in the local newspapers are full of criticism from *disenchanted Byrne* supporters.

Despite sucb complaints, Mayor Byrne has drawn praise for ber relative fiscal conservatism. Even with douhle digit inflation, she managed to hold the 1980 budget to $1.4bn, a 2 per cent increase over the previous year. General city workers were granted 5.5 per cent pay rises, police and firemen received 6 per cent and construction and craft workers, whose salaries by agreement keep pace with those in the private sector, garnered 9 per cent increases.

The Mayor also eliminated et least 1,500 jobs from tha 42,100-strong workforce and raised municipal fees and general property taxes.

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BEST OF BRITISH BONUS

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Prime Minister stands firm against entering dispute

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER and her colleagues remained determined yesterday not to intervene in the steel dispute after the breakdown of negotiations between the British Steel Corporation and the trade unions.

Senior Ministers at 10, Downing Street discussed the strike and it was later emphasised that in the Government's view there remained scope for improvement in the offer, given genuine increases in productivity.

Without increased efficiency, however, it was impossible to see how a better pay settlement might be funded.

Sir Keith Joseph, Industry Secretary, made this clear in the Midlands, where he said that although the parties involved differed little over the figures for wage increases, there was a "wide gulf between management and unions about the way pay increases ought to be financed."

It was not fair to ask the taxpayer to fund further wage increases when the steelworkers could earn more for themselves by higher productivity.

That lent weight to the general view among Ministers that, having set the cash limit for the industry, the Government had no further part to play in wage negotiations. Any climb-down by the Corporation which received the Government's moral or financial backing would be regarded as a significant reverse that would widely affect the public sector and undermine the Government's economic strategy.

The message that Ministers are trying to get across is that BSC is virtually bankrupt and that its productivity is half that of European competitors. They believe it therefore totally unrealistic to seek a higher settlement without greatly improved efficiency.

The Ministers who considered the effects of the strike included the Prime Minister; Mr. William Whitelaw, Home Secretary; Mr. James Prior, Employment Secretary; Mr. John Biffen, Chief Secretary to the Treasury; Mr. Angus Maude, Paymaster General; Sir Michael Havers, Attorney General; and Mr. Adam Butler, Minister of State for Industry.

Sir Keith Joseph is expected to make a statement to the Commons on the strike early next week when Parliament returns from the Christmas recess.

STEEL STRIKE

Unions and management closer on paper than in reality

NEGOTIATIONS ON the steel dispute broke down on Monday night, with the two sides closer together on paper than in reality.

Alan Pike sets out the offers, options and claims aimed at resolving the pay dispute.

Union leaders said that they would recommend an end to the strike if the Steel Board would make a general increase of 8 per cent plus 5 per cent across the board "on account" of negotiating and implementing lump-sum bonus schemes at local level.

BSC offered 8 per cent, but in return for flexibility in working practices, reduced manning and natural wastage to finance the deal.

Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, stressed yesterday that these conditions were unacceptable.

BSC was prepared to guarantee that its proposed local lump-sum bonus schemes would cover all steelworkers, and to make a 4 per cent payment for the first quarter of this year in advance. Further payments would be made only in works and divisions where bonus schemes had been negotiated by March 31.

But the corporation says that it would require "pennies from heaven" to meet the union demand for a 5 per cent lead-in payment on the bonus schemes, because it does not believe this would be financed by productivity at the steelworks.

If they could have persuaded the corporation to accept their proposals the union negotiators, led by Mr. Len Murray, TUC general secretary, were prepared to offer a "national commitment" to the principle of local joint bargaining, and to establish local joint productivity committees.

The unions saw this offer of multi-union bargaining as a major concession to meeting the industrial relations needs of BSC.

Electronics confident—so far

BY JOHN LLOYD

BIG COMPANIES in electronics and heavy electricals are not concerned over the BSC shutdown, although all agree that a prolonged stoppage might lead to serious delays.

General Electric Company (GEC), the UK's largest private employer, has adequate stocks in its various divisions for some time. In its power engineering division, a heavy user of steel, the long lead times on most contracts mean that delays will not be felt immediately and are unlikely to emerge at all unless the strike is long.

International Computers (ICL), the largest European-owned computer company, believes it will suffer no difficulties for some weeks. IBM, the U.S. computer giant with substantial manufacturing plant in the UK, also reports adequate stocks but says that it depends greatly on suppliers of a range of products, and is likely to suffer if and when they do.

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Thorn, which makes domestic appliances, does not expect shortages in the immediate future — a view shared by Plessey and Standard Telephones and Cables, the main telecommunications manufacturers.

Northern Engineering Industries and Babcock and Wilcox, which have large power plant divisions as well as engineering, are unaffected so far and expect to remain so for at least four weeks.

Few of those companies depend wholly on BSC for their steel, and many take much of their requirements from steel stockholders or buy directly from overseas.

Threat to canned food supplies

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE THREATENED shortage of canned food supplies came closer yesterday with the development of secondary picketing at three of Metal Box's major canning factories.

Sources in the food industry still say, however, that it will be at least a month before real shortages are felt in the shops.

Metal Box, which produces 6bn cans a year, said yesterday that it was facing "serious secondary picketing" at three factories—Neath, the largest, with over 2,000 employees, and two in Leicester. Although production at the Neath plant was continuing, no materials were going in or out.

Metal Box also said it was talking with local union officials to try to lift the secondary picketing since the company was not involved in the steel dispute.

It warned that if the secondary picketing was not lifted some of its customers in the food industry would feel the effects within a week.

Before the secondary picketing at the three factories, it had seemed unlikely that any effect would be felt in supermarkets for at least three months, because of stocks held by can manufacturers, food processors, and retailers.

If cans are prevented from leaving the major producers, however, the production cycle is drastically reduced.

Food manufacturers generally hold between three and five weeks' stocks as part of normal quality control procedures, while the large supermarket chains hold stocks of up to two weeks in their central depots.

Retailers fear, however, that panic buying and severe wintry weather could reduce stock levels even further. Cold weather hampers food distribution and means that shoppers switch to tinned vegetables since fresh crops are frozen in the ground.

Although major retailers reported no signs yesterday of panic buying, the fear is that any gaps appearing on supermarket shelves will spark off heavy buying.

Among the first products likely to be affected in this way are pet foods and soft drinks.

Private sector's fate in balance

BY ROBIN REEVES

THE POSITION of private sector steelmakers in the national dispute hung in the balance in South Wales last night as local strike committees debated instructions from national leaders not to interfere with their operations.

A number of deliveries of scrap and other material were turned away from the privately owned Alpha Steelworks in Newport yesterday. Mr. Maurice Webb, managing director of company said existing scrap stocks would last only a week or two.

Leaders of the Transport and General Workers' Union steel industry branches in west Wales also called unanimously for picketing to be extended to another private-sector steelmaker, Duport Steel, in Llanelli.

In Newport, union officials said efforts were under way to persuade strikers to follow national instructions over Alpha. Transport union representatives planned to discuss possible action against Duport with members of the Iron and Steel Trades Confederation this morning.

With striking steelmen tightening their grip on major users and stockholders, one union official admitted it was proving difficult for pickets to distinguish between British Steel Corporation and other steel stocks and deliveries. As a result, the mood was growing among the men that they must try to stop everything.

Some deliveries were turned away by pickets at Crown Cork's factory at Tredegar, which manufactures bottle-tops and parts of tinplate containers. Another major sheet-steel user, Hoover, reported that flying pickets at its Merthyr Tydfil washing machine factory had prevented a number of deliveries being made.

Problems assail Coal Board

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE steel dispute is beginning to create cash-flow and coal stockpiling problems for the National Coal Board, but the strike is not affecting coal production.

The NCB, which supplied BSC with 8.5m tonnes of coking coal in the past financial year, said yesterday that production was continuing normally. Coal which could not be moved was being put to stock.

It acknowledged that it was running into stockpiling problems in some areas, mainly South Wales, but said some coking coals were being blended with steam coals to make a product suitable for power generation.

The NCB, which is anxious to avoid being involved in the steel dispute, refused to give figures for stockpiled coal. The steel strike can only add to the problems which the coking coal sector experienced in the closing months of last year.

Increasing BSC reliance on cheap coking coal imports meant that even before the steel strike the NCB had to stockpile coking coal in Durham, South Wales and Kent.

Some coking coals can be switched to the steam coal market. But they fetch a much lower price there, and a significant proportion of coking coal is not suitable for power-raising.

The strike would probably have to last months before stockpiling problems became so severe that the NCB considered a production cutback. The main difficulty so far has been loss of revenue from BSC, which is beginning to affect the Coal Board cash flow.

Supply of steel products necessary for mining could eventually be another problem, though at present the NCB has enough to last six to eight weeks.

Secondary picketing provokes lay-offs

By Lorne Barling

ABOUT 200 workers were expected to be laid off at a Midlands steel re-rolling company last night because secondary picketing has halted steel movement in and out of its plant.

The company, the Ductile group, said unless the picketing ended soon it would have to lay off another 300 men.

It has made an appeal to Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, who was in Birmingham yesterday at a meeting of the Midland Wages Board to discuss a 25 per cent to 30 per cent pay claim by private sector steel workers.

Mr. Norman Dukes, group works director of Ductile Steels, said that his company, which processes around 300,000 tonnes of British Steel Corporation steel a year, had done nothing to warrant the picketing.

But the pickets claim that the company is using BSC-supplied steel, which comes from other sources, and say they have evidence to prove it.

As a result of the action, Ductile is unable to transfer steel between two of its process plants, and has had to curtail its activities.

Picketing also halted the movement of steel at two other Midlands companies, Herringshaw Steel in Birmingham, and Midlands Industrial Warehousing at Bilston.

Mr. Sirs said that he and his committee members were continuing to resist demands from their members to step up "this other picketing."

He said: "My view is that we must try to prevent our members from persuading the private sectors employees from taking any action."

It is understood that his union is expecting around 100 Yorkshire steel workers and trade unionists in the Midlands to support picketing soon.

Normal day at most warehouses

By Maurice Samuelson

ALL but a handful of the 264 members of the National Association of Steel Stockholders were operating normally, the association said yesterday.

Representatives of the association met officials of the Department of Industry. The Department is trying to assess the stocks of steel left in warehouses after Monday night's breakdown in attempts to end the strike.

The association's national council is due to meet tomorrow.

Warehouses not operating normally include Robert Frazer and GKN at Hebburn, Tyneside, where stocks are being depleted as pickets permit loaded vehicles to leave but challenge those arriving with new steel.

A second GKN warehouse being picketed yesterday was the company's Midlands division at Wombourn.

However, the pickets there are distinguishing between BSC-made steel and that originating from private steel works. Two loads of steel were admitted when the truck drivers showed pickets a note verifying that the load was from a private concern, not involved in the dispute.

BP plans group to fight oil spills

BP PLANS an international "fire station" at Southampton to tackle oil spills worldwide, as part of an investment of £5m in the technology this year.

Nearly half he investment will go to expand research and development into combating the effects of oil spills.

An emergency oil spill contingency plan has been operated on behalf of the BP group for seven years.

A company "task force" has tackled 25 spills, 18 directly involving group activities.

The latest was the spill last June from the tanker Tarpenbek in Sandown Bay, off the Isle of Wight. Although not a BP operation, it involved the task force in 234 man-days of clean-up work.

According to Mr. Geoffrey Larminie, general manager of BP's environmental control centre, which operates the plan, BP has no commercial competitor in the activity. However, he says that when called on by another organisation, the company will continue to charge only the cost of its operation.

RESEARCH

Mr. Larminie's centre examines the environmental impact of all new company projects of more than £5m. The cost of running the centre has been about £350,000 a year.

The main increase in expenditure approved by the BP Trading Board comes partly from recognising how big some of the difficulties are, and partly because some of the remedies have reached the stage of development and demonstration, Mr. Larminie said yesterday.

Mr. Larminie plans to spend £2.2m on research and development this year, mostly at the group research centre at Sunbury. That compares with a research outlay of £150,000 last year.

One important target will be techniques for faster recovery of heavy oils and the so-called "chocolate mousses" — emulsions of heavy oil in sea-water. The Tarpenbek spill also demonstrated the need for better techniques for containing spills in fast-flowing water.

The new office for the task force at Southampton is expected to cost about £800,000 to set up and staff for the first year.

Oil 'twice coal price by 2000'

By Mick Franklin

COAL WILL be half the price of oil by the year 2000, a senior official at the Department of Energy yesterday told the Belvoir inquiry into the Coal Board's plans for new mines.

Mr. Philip Jones, the Department's co-ordinator on energy policy, estimated the board would substantially increase productivity in the future, while oil would become scarcer.

Pressed for figures on his predicted coal and oil prices by Sir Frank Layfield, QC, for Leicestershire County Council, Mr. Jones said he was unable to produce them out of his head. He hoped to present the projections later in the inquiry.

Mr. Jones was also reluctant to reveal how much the Department estimated coalminers of the future would be earning, other than saying they would remain at the forefront of industrial earners. To say more could prejudice future wage negotiations, he said.

The public inquiry into the Coal Board's application to mine 510m tonnes of coal from 90 square miles of Leicestershire, Nottinghamshire and Lincolnshire resumed at Stoke Rochford after a three-week adjournment.

Mr. Jones stressed that the Government's commitment to build at least one new nuclear power station a year in the decade from 1982 did not exclude development of new capacity in the coal industry at the same time.

In an earlier written submission the Department of Energy said: "Without early and continuing investment in new capacity, colliery production in 1990 would be lower than it is today and could fall to around 80m tonnes before the end of the century."

Consumer spending showed modest rise in autumn

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING IN the shops increased in the autumn from the lower levels of the late summer, but trade was still less buoyant than in the boom period of April to June.

Revised figures published by the Department of Trade yesterday show that the autumn rise was greatest in non-food shops and may have been stimulated by the back-dated reduction in income tax which began to come into effect in mid-October.

The final estimate of the volume of retail sales in November is 113.3 (1971 = 100, seasonally adjusted). This compares with a provisional figure of 113.1. It indicates that trade in November was about 2 per cent higher than in October, though only about 1 per cent above the average for 1979, to date.

There will be particularly close interest in the provisional figures for December due to be announced next week in view of reports from the trade that business over the Christmas period was disappointing.

Even though there was some increase in sales in the autumn, the limited extent of the recovery is shown by a longer term comparison. For example, the volume of trade between September and November was roughly 2 per cent lower than in the previous three months, which included the boom period ahead of the increase in Value Added Tax.

On the same three-month comparison the volume of sales by durable goods shops was 7 per cent down, although the figure for November alone was 2 per cent higher than the average for the previous three months.

The same trends also appear in the figures for hire purchase and other credit business in November. Total new credit extended was £691m, seasonally adjusted, in November, compared with rises of £616m and £663m in the previous two months.

Over the September to November period new credit extended increased by 1 per cent to £1,97bn. Lending by finance houses and other specialist consumer credit grantors — for example, for the purchase of cars — increased by 4 per cent on the same three-month comparison while lending by retailers dropped by 2 per cent.

Lending by retailers in November was higher than in September and October though lower than in the summer.

Clydebank rehabilitation plan accepted in principle

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT acted yesterday to try to halt the industrial decline of Clydebank, one of the UK's most depressed areas, when it accepted the far-reaching recommendations of a special working party.

Mr. Alex Fletcher, the Scottish Industry Minister, accepted in principle the conclusions of the report by a team led by Dr. Gavin McCrone, the Government's Scottish economic adviser, who was asked to investigate urgently after the announcement by Singer in October that it would close its Clydebank factory with the loss of 3,000 jobs.

The Scottish Development Agency has been asked to carry out most of the work, making Clydebank its priority project. It will clean up derelict sites, try to improve the town's image in an effort to attract new investment and, if no other industrial buyers come forward, purchase the Singer plant and that left vacant by Goodyear when it pulled out last spring.

Dr. McCrone's report recommends that if the Government goes ahead with the creation of "enterprise zones," where industry would be freed from certain planning restraints, Clydebank should become one. It goes further in also suggesting the setting up on an "enterprises fund" to provide risk capital.

Unsecured loans and equity finance would come from such a fund, probably run by the Scottish Development Agency. The participation of private institutions would be sought, but the report envisages the fund's being used for high-risk projects, outside the guidelines given recently to the agency for its industrial investments.

The cost of the rehabilitation programme has not yet been worked out, but most will probably come from the agency's £500m budget. The agency said last night that it would begin work shortly and was confident that adequate money was available.

The working party outlines the extent of the difficulties faced by Clydebank, which has lost more than a quarter of its manufacturing jobs since 1971 and has only four vacancies for every 100 people unemployed.

Racal announces £40m tactical radio order

BY JOHN LLOYD

RACAL, the UK electronics group, yesterday won its largest contract, worth £40m initially, with a possible extension up to nearly £60m.

The order has been placed with Racal Tacticom, the group's tactical communications equipment division. It brings the division's order book to a new peak.

The order is the largest the Racal group has ever received, more than double its previous record of £20m, won in 1978. But the company is prevented from revealing details of it, or the country of purchase, by a clause in the contract. Racal said yesterday the country was "in the developing world."

The company emphasised that it believes the tactical radio market, which had been assumed to be past its peak, was still growing. "We expect next year to be even better than this one."

Racal's optimism over the future of one of its most important businesses led to renewed speculation last night that it was positioning itself for an announcement of a bid for Decca, the ailing electronics company which is strong in the radar and navigational markets. Neither company would comment.

Delivery of the £40m contract will begin in the second quarter of 1980. Most of the equipment will be supplied over the next three years. But the contract may be extended over four years, with further orders leading to a total value of nearly £60m.

● *Hazel Duffy, Industrial Correspondent, writes:* Racal Electronics comes out top in the table of engineering companies published by Engineering Today, followed by Eurotherm International, another electronics company, which went public last spring. But Racal's performance, which shows a net return on equity of 31 per cent, is below that of the previous year when it came second.

The newcomers to the top ten list include: Duple International (3), Wilshaw Securities (5), Davy Corporation (6), Castings (8), Derritron (9) and Metalrax Holdings (10). United Scientific slips from third to fourth place. Matthew Hall, which was in tenth place last year, goes up to seventh.

The figures are compiled with the help of Datastream International, and are based on post tax, pre-dividend profits as a percentage of ordinary shareholders' capital plus net company reserves, i.e., reserves less goodwill.

Other companies which appear in the top 50 for the first time include: Birmingham Pallet Group, F. W. Thorpe, Bromsgrove Castings, Chemring, Ayrshire Metal, Flight Refuelling, Dom Holdings, B. Elliot, Diamond Stylus, T. F. and J. H. Braime, Biddle Holdings, and D. F. Bevan. But York Trailer, which last year topped the list, does not appear anywhere this year.

Labour call to unmask Trotskyists

BY RICHARD EVANS, LOBBY EDITOR

LORD UNDERHILL, former national agent of the Labour Party, sounded a fresh alert yesterday on the need to publish evidence of infiltration of the party by Trotskyists to stop giving them a cloak of respectability.

His intervention, in an interview on ITN, ensures that the row over the publication of evidence of entryism will continue.

On Monday the National Executive's organisation subcommittee rejected a further demand by Right-wingers to publish all the accumulated evidence. The manifesto group of moderate MPs remains determined to press for publication.

Lord Underhill, formerly Mr. Reg Underhill, said he had received 20 documents on infiltration since he presented his report to the NEC four years ago, and he believed failure to publish was harmful.

"I believe we are giving them (Trotskyists) the cloak of respectability. The NEC should tell the movement exactly what the nature of the organisation is, and speak out against what they believe in."

He was also critical of the Left-dominated NEC for failing to widen the appeal of the Young Socialists and for not conducting more political education on the party's viewpoint and countering Trotskyist views.

Saint Piran has new chairman

SAINT PIRAN, the Cornish tin mining group undergoing investigation by the Department of Trade and the Takeover Panel, has a new chairman.

He is Mr. Malcolm Stone, a Thai citizen with a banking background who is also managing director of Gasco Investments, the Hong Kong company owned by Mr. Jim Raper, a former chairman of Saint Piran.

Gasco is stated as owning just less than 30 per cent of Saint Piran. The actual level of control has, however, been bitterly contested by a group of shareholders and the Takeover Panel is examining whether any concert party exists that controls more than 30 per cent. Its findings are expected to be placed before the full panel this month.

Meanwhile, Mr. Stone is one of two representatives of Gasco on Saint Piran's Board. He replaced Mr. Richard Bywater, a former director of Gasco who resigned from Gasco and Saint Piran last May after a disagreement over lack of clarification of certain matters.

Mr. Stone has assured the board that he will spend as much time in London as is necessary to "maintain the level of turnover and profits" achieved under the previous chairman.

That was Mr. Henry Hodding, who resigned the chairmanship to devote more time to chairing South Crofty, the Cornish mining group in which Saint Piran has a substantial interest.

South Crofty recently announced a cut in its interim dividend from 1.675p to 1p after losing 23 days' production in a strike. There have also been boardroom resignations.

Mr. Hodding will continue as a director of Saint Piran, however, where his special brief will be as "mining adviser" to Saint Piran.

Big rise in business failures

A "MARKED RISE" in business failures in the final quarter of 1979—346—was reported today, compared with 293 in the third quarter, and 308 in the same period of 1978.

Most of the deterioration came in engineering and metals; furniture and upholstery also experienced more failures, while textiles and clothing also saw an increase.

UKO redundancies

BETWEEN 55 and 60 redundancies are to be made at one of the factories owned by UKO International, the UK optical lens and catering group. The cuts will take effect from February 1, and are to be made at the company's Kidwelly factory in South Wales as part of the group's plan to streamline its workforce.

Cruiser launch

THE FIRST of the navy's new class of anti-submarine warfare cruisers, the £215m Invincible, is to be commissioned into the fleet on July 11, in the presence of the Queen at Portsmouth. The Invincible is designed as a mini-aircraft carrier, although officially described as a "through-deck cruiser," for anti-submarine warfare. She will carry both Sea King helicopters and Sea Harrier vertical take-off fighters.

Inquest resuming

THE INQUEST on James Kelly, who died in a Merseyside police cell last June, is to be resumed shortly, Mr. William Whitelaw, the Home Secretary, announced yesterday. Mr. Whitelaw wrote to three leading Labour politicians, who have made representations, including Sir Harold Wilson, the former Prime Minister. He said that he was concerned that the cause of Mr. Kelly's death be established publicly, and would await the completion of the inquest.

Golf promotion

British Open golf champion Severiano Ballesteros has signed a five-year agreement to endorse Slazenger golf equipment and clothing in what the company calls "the largest golf contract ever made by a British firm." Slazenger says it will use the Spaniard's endorsements to help expand its European sales.

Dearer Spirits

Some Scotch whisky and gin prices are to increase from next month following the rise in prices announced yesterday by the Distillers company. The gross trade price for Scotch would be raised by £3.20 per case of 12 bottles and £2.14 for gin trade prices. This could lead to higher retail prices of at least 25p per bottle of Scotch or 15p per bottle on gin.

UK NEWS

Fiat truck subsidiary plans to boost UK market share

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

IVECO, second-largest of the European commercial vehicle groups, has set up a UK subsidiary. It will combine the managements of Fiat Trucks and of Magirus Deutz vehicles which have previously operated separately in spite of being IVECO offshoots for the past five years.

Mr. Frank Tinsdale, who was managing director of Magirus Deutz (GB) has been appointed managing director of IVECO (UK). He said yesterday that the group intended to build its share of the British market for trucks over 3.5 tons gross weight from 5.6 per cent to 10 per cent by 1985.

This year IVECO would overtake Volvo as the leading importer of trucks above the 3.5 tons level, he predicted.

In future Fiat and Magirus will have integrated marketing, parts, service and financial control departments. But there will continue to be two sales departments as IVECO will maintain the two marques and their separate dealer networks. There is no intention of integrating the dealership networks.

The two organisations which make up IVECO (UK) had a combined turnover in the 1979 financial year of £27m, and Mr. Tinsdale insisted "they are profitable." IVECO's main objective was to make its profit at the manufacturing level, he added. But IVECO (UK) would be expected to produce a "modest" profit to support its proposed expansion.

The main effects of the merger of Fiat and Magirus Deutz in the UK would not be felt for about two years, when a new headquarters, warehouse and service facility was expected to come on stream in Warrington, Lancs. It would cost more than £3m.

Mr. Tinsdale said IVECO, the parent company, had designated Britain as a "major market" with the same status as its three "home" markets, France, Germany and Italy.

"This will ensure close co-operation on vehicle specifications for the British market and better supplies of vehicles and parts. Britain's designation as a major market is part of IVECO's overall strategy to become the largest commercial vehicle concern in Europe—an objective which could hardly be achieved without a major share of the British market."

IVECO is now 100 per cent owned by Fiat of Italy following a recent decision by Klockner-Humboldt-Deutz of West Germany to sell the 20 per cent it has owned since the group was formed five years ago.

In the UK both Fiat and Magirus Deutz have been showing a growth in unit sales of more than 50 per cent a year for the past four years. In 1979 between them they sold 3,792 trucks compared with Volvo's 4,052 and the 3,503 by Daimler-Benz in third place.

Mr. Tinsdale forecast further growth of 30 per cent for IVECO (UK) in 1980 even though the total market was expected to fall by around 16.5 per cent from the record level reached last year, when registration of trucks ovar 3.5 tons were up 16.6 per cent to 79,856.

Boom in house prices slackens

By Michael Cassell

HOUSE PRICES rose an average 63 per cent in the two years to the end of 1979 but the boom now appears to be over, eccording to the Nationwide Building Society.

The Nationwide calculates that average prices in the last quarter of 1979 rose 6 per cent against 7 per cent in the previous three months and 8 per cent in the quarter before that.

According to the society average prices rose 29 per cent in 1979 compared with 26 per cent in the preceding 12 months. The resulting 68 per cent rise over the two years compared with increases of 8 per cent a year in the previous three years.

The Nationwide says during the two-year boom, which started in the South East, the greatest rise in house prices has been recorded in the south.

The picture has now changed, howevar, in the view of the Society. The present average house price is about 3.7 times average earnings compared with a long-term average of about 3.3 times average earnings and a record 4.1 multiple in 1973.

As a result, house prices are at a comparatively high level in relation to average earnings. Commenting on the latest situation, Mr. Leonard Williams, chief general manager of the Nationwide said that after a two year period in which real incomes had grown by over 12 per cent—one of the biggest rises in post-war years—the prospect was for little growth in incomes in 1980.

Mr. Williams said first time buyers were not, however being discouraged by the situation and the proportion of Nationwide loans going to new owner occupiers rose to 45 per ceot in the last quarter of 1978.

Soaring fuel bills wreck hopes of cutting air fares

MOST airline executives believe that the "cheap fares explosion" so confidently forecast just over a year ago is not likely to happen. MICHAEL DONNE, Aerospace Correspondent, reveiwes the rising fuel and other costs that have wrecked hopes of cut-price air fares.

ALTHOUGH THE world's airlines last year carried a record 745m passengers on scheduled services, and probably more than 1bn if non-scheduled holiday aod charter services are included, they are not likely to have earned big profits—if any at all—from this booming business. And they are increasingly worried about the year ahead.

Traffic, which rose by 10 per cent last year, is expected to rise further in 1980, perhaps at a lower rate of between 5 per cent to 7 per ceot. But it will be "profitless growth," if only for one reason—soaring costs, and especially of fuel.

Like everyone else, the airlines complain that everything is costing them more—landing fees, air navigation charges, labour, equipment costs—but above everything else, fuel is their problem.

At the end of 1978 the average airline fuel price world-wide was about 45 cents a U.S. galloo. By the end of 1979 it averaged 95 cents, and already some airlines are budgeting for a $1 a gallon level in the first quarter of this year, and fear further rises before midsummer.

Their problem is that they are not allowed by their governments to pass these fuel price rises on to their passeogers as quickly as they are incurred. There is always a lag of weeks or perhaps months before governments reluctantly permit fares to rise.

The International Air Transport Association (IATA), which represents more than 100 of the world's major scheduled airlines, estimates that at any one time this delay in passing on fuel price rises and other cost iocreases means the airlines are about $1bn down on the revenues they need to cover their soaring costs.

Moreover, much of this sum is claimed to be irrecoverable, because few governments allow the big fare rises necessary fully to compensate the airlines for their rises in costs.

To combat this, the IATA has set up a team to study ways of automatically raising fares every time fuel prices rise.

The formula being studied is a four-stage one. If fuel prices rose by up to 1 per cent, no action would be taken. If they rose 1 per cent to 3 per cent there would be an automatic compensating adjustment in fares.

For fuel price rises of 3 per cent to 6 per cent the airlines would take a "mail vote" on what response to make. If increases were over 6 per cent they would call a conference to consider the matter.

It is a clumsy formula, but it is the best the airlines can devise with any hope of getting their Governments to agree to its use. Any other formula would be construed by many Governments as giving their airlines a blank cheque to write their own fare increases as fuel costs rise.

But the airlines believe that such a scheme is essential if they are to avoid heavy losses in the year ahead. The IATA predicts additional fuel bills of well over $2.4bn in the coming year. Among individual airlines British Airways, which originally budgeted for a £260m fuel bill in 1979-80, now expects to pay well over £400m.

Contrary to many opinions, the airlines are not fuel wasters. Collectively, they account for only about 4 per cent lo 5 per cent of total world oil consumption, and although the number of flights is increasing as traffic rises, they are trying to cut out wasteful flying as much as possible by streamlining techniques.

For example, they are cutting out much "dead"—unproductive—flying, and by switching off some engines while taxiing on the ground they can also save a lot of fuel. One estimate is that by using these and other techniques in 1979, they have saved between 10 and 15 per cent on their overall fuel consumption.

But there is a limit to how far they can go without support from governments. They now want a two-fold attack—first, on the political problems that create unnecessarily long routes, such as "dog-legs" round politically sensitive territories, and secondly a tougher governmental stand against such problems as air traffic control disputes, especially on the Continent, which create delays, additional flying and hence waste of fuel and money.

For example, where "dog-legs" are involved, by re-opening three air routes across Vietnam en route between Bangkok and Hong Kong and Manila, the airlines in 1979 save 47.5m gallons of fuel because of the shorter distances.

The IATA estimates that there are more than 100 of these "dog-leg" routes world-wide that could be "straightened out" with substantial savings in fuel.

At the same time, the airlines are pressing for a major improvement in the air traffic control system, especially in Western Europe, where disputes have been a regular feature of summer (and now, it seems, also winter) travel, causing many delays to passengers and wasteful flying by the airlines to get round the affected areas.

As became apparent at the IATA's annual meeting in Manila, many airlines are convinced that Europe's air traffic control system needs a radical overhaul, replacing existing individual national systems by a single, unified system under one management. The IATA believes that most of the problems, however, stem from the "almost endemic series of strikes and go-slows by government-employed staff," and that if these could be cured most of the problems "would diminish to a moderate level."

Evaporated

It is against this background that the airlines also face in the coming year continued government and consumer pressures for cheaper fares, which few operators believe they will be able to meet.

While it is probable that airlines will be able to continue to offer some comparative reductions during off-peak times of the day and on mid-week days and in off-peak times of the year, most airline executivea believe that the "cheap fares explosion" so confidently forecast even just over a year ago is not now likely to happen, because of soaring fuel and other costs.

On tha contrary, they argue that from now on the overall "fares plateau" will have to rise, as fuel and other costs rise. While even at the higher levels there will continue to be fares differentials of varying kinds, the possibility of genuine "cut price" fares has evaporated, in the face of fuel bills which have already doubled in less than a year, and which may double again during 1980.

Tory rates scheme 'ends local freedom'

By Robin Pauley

REPLACING the present system of rate support grant to local authorities with a block grant system will end democratic local government and strengthen the power of central bureaucracy, according to a research report published yesterday.

The author, Mr. Tony Travers, of North East London Polytechnic, says: "It is heavily ironic that a Conservative Government pledged to increasing local freedom should be the one finally to make local authorities into agents of central departments.

System

"The effects on the health of local democracy will be to make them no more than irresponsible bodies of political opportunists."

Local authorities are funded through a system of needs and resources estimates. The new block grant envisaged by the Government would involve an assessment of each authority's needs either by formula or by a build-up of the costs of providing a particular service.

Then a standard rate would be levied in each local authority. This would be the same throughout the country and would raise different amounts depending on the rateable value.

The amount then left to make up the authorities' needs estimate would be met by the block grant allocation.

The report highlights difficulties which the new system will bring, particularly in deciding how to assess spending need and how to cope with the complex situation in London.

"But perhaps the most extraordinary feature of the new grant is the interdependence of authorities' grant allocations," Mr. Travers says. "Authoritiea which overspend are likely to receive grant support for at least part of their overspending.

"This means that extra grant will hava to be found to distribute to over-spending authorities. Because the block grant will have a limit overspending will have to be financed by those authorities spending at or below their assessed need."

ERF borrows £5m for Wrexham plant

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE INDEPENDENT truck manufacturer, ERF, haa negotiated loan facilities totalling £5m with the European Coal and Steel Community to help finance its new assembly plant at Wrexham, Clwyd.

The community has made the facilities available because Wrexham is in a former mining and steelworking area and there have been heavy redundancies in both industries.

A first loan of £3m will be available to ERF from June and will be repayable over eight years. The interest rate, including the charge for currency exchange guarantees arranged with the Department of Industry, will be about 11.25 per cent. When the interest rebate is taken into account the true rate will be abont 8.25 per cent for the first five years.

The community has said that it will make a further £2m available when required by ERF—provided the company's plans go ahead as scheduled—and this will probably be taken up in summer 1981. The terms of the loan should be the same as for the first tranche.

The Wrexham plant will cost about £10m at 1980 prices, including working capital requirements. It provides a vital link in ERF's plans to widen its product range.

At present the group offers only heavy trucks above 32 tons gross weight. It plans to launch 24-tonners and 16-tonners in the coming year and thua double—in unit terms—its potential market.

ERF has high hopes in particular for its 24-ton, six-wheel tipper which will compete in a market sector dominated by Leyland Vehicles, but in which both Volvo and Seddon Atkinson have recently made inroads.

When it comes on stream the Wrexham plant will have a capacity of about 1,760 trucks a year and will employ some 400. Eventually the capacity would rise to 4,400 a year and employment to 1,000.

This comparea with the 3,520 peak annual production at ERF's plant in Sandbach, Cheshire, which cannot be further expanded because the site is not big enough.

Apart from the Wrexham project, which will also attract government grants appropriate to Wrexham's designation as a special development area, ERF has a new £1.5m engineering, research and development centre due to open at Middlewich, Cheshire, in April.

ERF improved its market share in the heavy truck sector in 1979 by 1.5 per cent to 15 per cent, and output was above 3,000 units a year.

The company expects a fall lo demand for trucks in the UK this year. "But we hope the market will have recovered when Wrexham's initial stage is fully on stream in the early part of 1982," commented Mr. Peter Foden, chairman and managing director.

New educational record sought for employers

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

EMPLOYERS and young job-seekers would value the introduction of a well-designed record noting a person's achievements in school as well as in public examinations, according to a report by the State educational inspectorate yesterday.

At present, the report said, "there is apparently no guarantee that five years of secondary education will have provided the pupil with opportunities to acquire, at whatever level, skills or knowledge or forms of understanding universally acknowledged as important.

"There has to be some common understanding of what secondary education is intended to do for the pupils and to enable them to do for themselves."

The independent inspectorate backed the Government's campaign to reduce the present incoherence of the education system by instituting a national framework of basic studies to be taught in all State schools.

Education Ministers, who deny that they seek detailed control over school curricula, are consulting local authorities and other interested groups with the aim of gaining general agreement on the design of the framework. This will probably include English, mathematics, science, a foreign language, and moral and social studies including preparation for work.

The inspectors called for greater cohesion of study programmes not only between different areas of the country, but also between the successive stages of education up to and beyond the compulsory school age of 16.

The quirks and customs of the education service ought not to make any essential difference to what might reasonably be expected by children and parents, wherever they live, as the outcome of at least 11 years schooling, the report said.

The inspectors referred to the controversial effect the plan for greater coherence of school studies could have on subsequant courses in colleges, polytechnics and universities.

They pointed out that at present what was taught to children up to the age of 16 had often to be planned in line with the courses which institutions of further and higher studies choose to provide.

* A View of the Curriculum. HMSO; £1.50.

A copy of this Advertisement having attached thereto the statement of adjustments made by the reporting accountants in relation to the accounts comprised in their report and giving their reasons therefor, together with the letters of consent and copies of the material contracts referred to herein have been delivered to the Registrar of Companies for registration.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Company. The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the admission to the Official List of the issued share capital of the Company.

EMESS LIGHTING LIMITED

(formerly Era Ring Mill Limited)

This advertisement is published in connection with the acquisition of Firstsquare Management Limited and a placing

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SCHAVERIEN & CO.

of

423,592 Ordinary Shares of 25p each at 80p per Share

Share Capital

	Issued and to be issued fully paid
Authorised	
£500,000 in 2,000,000 Ordinary Shares of 25p each	£291,937.50

Indebtedness

At 30th November, 1979 Emess had outstanding hire purchase commitments of £161,531. Those and intra-group liabilities apart, neither the Company nor any of its subsidiaries had outstanding at that date any debentures or other loan capital or other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances or acceptance credits, mortgages, charges, hire purchase, commitments or guarantees or other material contingent liabilities.

Definitions

The following definitions are used in this document:—

Definition	*Meaning*
"the Company"	Emess Lighting Limited (formerly Era Ring Mill Limited)
"Firstsquare"	Firstsquare Management Limited
"Emess"	Emess Lighting (U.K.) Limited (formerly Emess Lighting Limited)
"the Emess Group"	Firstsquare and its subsidiaries
"the Enlarged Group"	The Company and the Emess Group
"the Agreement"	The Agreement dated 9th November, 1979 under which the Company agreed to acquire the issued share capital of Firstsquare
"Schaverien"	Schaverien & Co.

SUMMARY OF PLACING INFORMATION

The following information should be read in conjunction with the full text of this advertisement from which it is derived:—

Placing Price	80p
1980 Forecast Profits before tax	£330,000
1980 Forecast Earnings per share:	
(i) After estimated tax charge	22.28p
(ii) After notional tax charge at 52 per cent.	13.56p
Prospective price/earnings multiple at the Placing Price:	
(i) After estimated tax charge	3.6
(ii) After notional tax charge at 52 per cent.	5.9
Forecast dividend per share	6p
Prospective gross dividend yield at the Placing Price	10.7%
Dividend cover	2.26x

Directors

Peter Andrew Hopwood Viney (Chairman)
4 Lansdowne Road, London W11 3LW
Michael Meyer (Managing Director), S. African
115 Oslo Court, Prince Albert Road, London NW8 7EP
Grenville Alec Payne
226a King's Road, London SW3 5UA
Sydney Allen Mitson
15 Coppice Way, South Woodford, London E18 2DU

Secretary and Registered Office

Brenda Frances Lobo A.C.I.S.
Station Estate, Eastwood Close, London E18 1BY

Bankers

Lloyds Bank Limited
80 High Road, South Woodford, London E18 2NW
Barclays Bank Limited
25 Silver Street, Bury, BL9 0DJ

Stockbrokers

Schaverien & Co.
18½ Sekforde Street, London EC1R 0HN and The Stock Exchange

Solicitors

To the Company and the Placing:
Eric Levine & Co.
63 Lincoln's Inn Fields, London WC2A 3LW
To Firstsquare:
Nabarro Nathanson
211 Piccadilly, London W1A 4SA

Auditors and Reporting Accountants

Finnie Ross Allfields
Chartered Accountants, Lee House, London Wall, London EC2Y 5AX

Registrars and Transfer Office

Harford Registrars
Harford House, 101-103 Great Portland Street, London W1N 8BH

1. THE COMPANY

History and Business

The Company was incorporated in England as a public company on 16th February, 1920 under the name Era Ring Mill Limited to acquire the business of cotton spinners and doublers then carried on by Era Ring Mill Company Limited, a private company incorporated in 1907. In late 1972 Agremin Limited, as agent for Largs Limited, acquired a controlling interest in the Company. A process of rationalisation followed designed to combat the pressures then facing the Company in common with the rest of the Lancashire spinning industry. Profitability was restored but this was short-lived. In 1975 the Company closed its spinning business, continuing the business of winding and doubling of cotton yarns. A further erosion of profit margins necessitated a move in 1977 to a less costly mill. But even reduced overheads failed to arrest the impact on the Company's business of the inflow of subsidised imported yarn. As a result the Company was obliged to wind down the remainder of its business. In the financial year ended 31st March, 1979 the business was closed and the assets disposed of resulting in a cash surplus of approximately £374,000.

On 9th November, 1979 the Company entered into the Agreement and on 8th January, 1980 in pursuance of the acquisition of the issued share capital of Firstsquare the Company changed its name to Emess Lighting Limited.

2. THE EMESS GROUP

History and Business

Firstsquare was incorporated on the 15th January, 1973 and engaged in the hiring and sale of moulds. On 1st July, 1976 it acquired the issued share capital of Emess Lighting (U.K.) Limited which at that time was called Emess Lighting Limited ("Emess").

Emess

Emess was incorporated on the 13th July, 1961 under the name M. Grew & Company Limited. The name was changed first in 1976 to Emess Lighting Limited and then on 8th January, 1980 to Emess Lighting (U.K.) Limited. Emess is engaged in the assembly, importing and distribution of lighting fittings to major store groups, mail order houses, wholesalers and retailers in the United Kingdom and overseas.

Sales

Emess commenced trading in its present form during 1966 when Mr. S. A. Mitson joined the company. Since that time sales have risen to £1.53 million in its last financial year ended 30th June, 1979.

Prior to 1976 the major part of sales was to wholesaling and retailing groups. With the upsurge of consumer interest in home decor, major chain and discount stores have increased the floor space and scope of their lighting departments resulting in a significant growth market for Emess. Its customer mix is now:

Wholesale and Retail	46%
Mail order and chain stores	40%
Exports	14%

Emess is represented in the major mail order and departmental store groups in the United Kingdom. Among its large customers in its financial year ended 30th June, 1979 were Allders Department Stores Limited, Argos Distributors Limited, British Home Stores Limited, Debenhams Limited, Empire Stores Limited, Freemans (London S.W.9) Limited, Grattan Warehouses Limited, International Import and Export Company Limited (Littlewoods), John Lewis & Company Limited, Lewis's Limited and F. W. Woolworth & Co. Limited.

Products

Emess sells a broad range of domestic and commercial lighting fittings. The range is constantly being extended; most recently it has introduced a range of fittings designed for gardens and outdoor use. It is the leading United Kingdom supplier of lanterns which are assembled and marketed under the Emess brand name.

Approximately 60% of turnover is assembled by Emess in the United Kingdom. It also imports products from Western and Eastern Europe and Hong Kong. Three-quarters of such imports, accounting for 30 per cent. of turnover, are from two West German suppliers, Glashütte Limburg and Hemer Glas. The trading relationship with Glashütte Limburg, an acknowledged leader in high quality fittings, is of ten years' duration and that with Glas Hemer eight years. Emess is a major export customer of both companies. Prudent costing and carefully controlled ordering have enabled Emess to avoid the damaging impact of currency fluctuations on profitability.

Leasing

Emess has acquired certain plant and equipment which it leases for periods up to 5 years to commercial and industrial companies and local authorities. The leasing trade will be continued on a scale appropriate to the availability of working capital and suitable transactions.

3. MANAGEMENT AND STAFF

Mr. Peter Viney, D.F.C. (56), the non-executive Chairman, was until 1978 an executive Director of a U.K. public company with diverse financial, industrial and commercial interests. He is currently a director of a private investment group.

Mr. Michael Meyer, A.C.I.S. (29) has been engaged in the activities of Emess since its acquisition by Firstsquare. He was previously Company Secretary to the International division of a U.K. listed industrial group. He is Group Managing Director.

Mr. Grenville Payne (53) has been responsible for administration in Emess since its acquisition by Firstsquare. Previously he was General Manager and Works Director for 20 years of a large United Kingdom consumer products group, after which he was consultant to a major U.S. industrial group. He is Finance Director of Emess.

Mr. Allen Mitson (48) has worked in the lighting industry for 25 years. Since 1966 he has been Managing Director of Emess.

The Group has 31 full-time employees and sales agents and 20 part-time employees engaged in packing and assembly. Employee and staff relations have always been good.

4. PROFITS AND DIVIDENDS

The Company

The turnover, depreciation and profits/(losses) of the Company and the rates and costs of dividends paid by the Company in respect of the five financial periods ended 31st March, 1979 based on the audited accounts were:—

Financial period to	Turnover £'000	Depreciation £'000	Profits/(Losses) before taxation £'000	Taxation £'000	Profits/(Losses) after taxation £'000	Dividend rate %	Cost of dividends £'000
5.4.75	1,331	32	47	28	19	13.39	21
3.4.76	660	5	(32)	(35)	3	—	—
2.4.77	583	2	(21)	1	(22)	—	—
1.4.78	661	—	(20)	11	(31)	—	—
31.3.79	124	—	(1)	(1)	—	—	—

Notes:

1. In the financial year ended 31st March, 1979 the business of the Company was closed and it disposed of its assets. On 9th November, 1979 the Company entered into the Agreement under which it agreed to acquire Firstsquare.
2. The accounting reference date of the Company has been changed to 30th June.

The Emess Group

The turnover, depreciation and profits of the Emess Group in respect of the five years ended 30th June, 1979 based on the accountants' report dated 13th December, 1979 were:—

Year to 30th June	Turnover £'000	Depreciation £'000	Profits before taxation £'000	Taxation £'000	Profits after taxation £'000
1975	328	1	28	5	23
1976	441	2	34	2	32
1977	669	3	51	16	35
1978	1,075	6	129	14	115
1979	1,531	29	227	14	213

Note: No dividends were paid during the above period.

Enlarged Group profit and dividend forecast for the year ending 30th June, 1980

Assumptions

In preparing the forecast of the profits of the Enlarged Group for the year ending 30th June, 1980 the Directors have made the following principal assumptions:—

(a) Sales of the Emess Group for the forecast year will, as a result of inflation and volume increases, be at a level approximately 22% higher than that in the year ended 30th June, 1979.

(b) Sales for the forecast year will be at gross profit margins approximately equal to those achieved in the year ended 30th June, 1979.

(c) Cash on deposit will attract interest at 12% per annum.

(d) There will be no material change in the economic climate currently being experienced, nor will Group operations be adversely affected by Government action in the United Kingdom.

Subject to these assumptions the Directors forecast that the contribution to the Enlarged Group's profit from the Emess Group will be not less than £300,000. This figure, when combined with the profit of the Company, will produce, subject to unforeseen circumstances, total Group trading profits before taxation for the year to 30th June, 1980 of not less than £330,000. The estimated tax charge based upon the above forecast is £70,000.

Reports

The following are copies of reports relating to the Enlarged Group's profit forecast for the year ending 30th June, 1980:—

(a) **Letter from the Reporting Accountants dated 13th December 1979:—**

The Directors,
Era Ring Mill Limited.

Gentlemen,

We have reviewed the accounting bases, assumptions and calculations for the profit forecast (for which the Directors are solely responsible) of Era Ring Mill Limited (to be renamed Emess Lighting Limited) and its subsidiaries ("the Enlarged Group") for the year ending 30th June, 1980 contained in the Particulars to be dated 9th January, 1980.

In our opinion the profit forecast, so far as the accounting bases, assumptions and calculations are concerned, has been properly compiled on the footing of the assumptions made and is presented on a basis consistent with the accounting policies normally adopted by the Enlarged Group.

Yours faithfully,
Finnie Ross Allfields.

(b) **Letter from Schaverien dated 13th December, 1979:—**

The Directors,
Era Ring Mill Limited.

Gentlemen,

We have discussed with you and with Finnie Ross Allfields the profit forecast of Era Ring Mill Limited (to be renamed Emess Lighting Limited) and its subsidiaries ("the Enlarged Group") for the year ending 30th June, 1980, together with the assumptions on which it is based, set out in the Particulars to be dated 9th January, 1980. We consider that the profit forecast (for which the Directors are solely responsible) has been made after due and careful enquiry.

Yours faithfully,
Schaverien & Co.

Under the Agreement the Vendors of Firstsquare are entitled to additional consideration of £115,000 for each of the three financial years of Emess ending 30th June, 1980, 1981 and 1982 if the net profits in each of those years are not less than £300,000. If such profits fall below £300,000 in any of the three financial years the additional purchase consideration payable in respect of each such year will be reduced by an amount equal to the shortfall.

The Directors expect, subject to unforeseen circumstances, to recommend an interim dividend on the enlarged issued share capital in respect of the financial year to 30th June, 1980 of not less than 2.5p per share and a final dividend of not less than 3.5p per share. It is intended to pay the interim dividend in May 1980 and the final dividend in November 1980.

5. PROSPECTS AND FUTURE POLICY

The Directors of the Company are confident of the future of the Enlarged Group. It is intended to develop the business of Emess and to expand those areas where opportunities arise. The Directors are also confident that the trend of Emess' trading record will be continued.

Successful features of Emess are:—

—Its broad customer base.
—Good product lines evenly divided between imported and own assembled products.
—The strong export platform from which to expand.
—The ability to supply from stock.
—The strong financial position coupled with efficient reporting control and costing systems.

It is the intention of the Directors to develop and expand the Company's lighting interests both in the U.K. and overseas whenever suitable opportunities arise.

6. WORKING CAPITAL

The Enlarged Group after payment of the costs of the acquisition of Firstsquare and of the relisting of the Company's issued share capital has cash resources of approximately £275,000. It has no bank borrowings or other similar indebtedness. The Directors consider that the Enlarged Group has sufficient working capital for its present requirements.

7. ACCOUNTANTS' REPORT ON THE EMESS GROUP

The following is a copy of the Report of Finnie Ross Allfields, Chartered Accountants, on the Emess Group:—

The Directors, Era Ring Mill Limited,
Rosebank Mill,
Stubbins, Lancs.

13th December, 1979

Gentlemen,

We have examined for the periods relevant to this report the audited accounts of Firstsquare Management Limited ("Firstsquare") and its wholly-owned subsidiaries Emess Lighting Limited ("Emess") and Mulbond Securities Limited ("Mulbond"), collectively referred to as the "Emess Group".

The summarised profit and loss accounts, balance sheets and statements of source and application of funds set out below are based on the audited accounts after making such adjustments as we consider appropriate. In our opinion these summaries, together with the notes thereon, give a true and fair view of the profits and source and application of funds for the years stated and of the state of affairs of the business to be acquired at 30th June, 1979.

No audited accounts of Firstsquare or its subsidiaries have been prepared in respect of any period subsequent to 30th June, 1979.

Accounting Policies

The following are the principal accounting policies of the Emess Group which have been used in preparing the financial information set out in this report:

Basis of accounting

The accounts have been prepared under the historical cost convention as supplemented by the revaluation of plant and machinery.

Basis of consolidation

The consolidated accounts of the Emess Group comprise the accounts of Firstsquare and its subsidiaries made up to 30th June each year. The excess of the cost of acquisition of subsidiaries over their net tangible assets at the date of acquisition is carried forward as goodwill.

Turnover

Turnover represents sales invoiced to third parties and excludes trade discount given and value added tax.

Stock

Stock is stated at the lower of cost and net realisable value. Cost includes the addition of appropriate overheads.

Depreciation

Depreciation is provided on fixed assets in order to write off the costs of their useful lives on a straight line basis.

The principal rates per annum are:

Plant and machinery	10 per cent.
Fixtures and fittings	10 to 20 per cent.
Equipment held for hire	Over period of hire
Leasehold property	Over period of lease

Deferred tax

Provision is not made for deferred tax where liability is not expected to arise in the foreseeable future.

Profit and loss accounts

The summarised consolidated profit and loss accounts of the Emess Group for the period covered by this report are as follows:

Years ended 30th June	Notes	1975 £	1976 £	1977 £	1978 £	1979 £
Turnover		327,642	441,237	669,908	1,075,392	1,530,693
Cost of goods sold	1	299,699	406,913	617,680	945,674	1,303,470
Consolidated profit before tax		27,943	34,324	51,228	129,718	227,223
Tax on the profits of the year	2	5,371	2,642	15,935	14,358	14,323
Increase in revenue reserves		22,572	31,682	35,293	115,360	212,900
Depreciation		1,458	1,990	3,195	5,592	28,945
Interest payable		642	12	512	828	5,652

Balance sheets

The balance sheet of Firstsquare and the consolidated balance sheet of the Emess Group at 30th June, 1979 are as follows:

	Notes	Firstsquare £	Firstsquare £	The Emess Group £	The Emess Group £
Fixed assets	4		2,630		252,322
Subsidiary companies	5		120,879		—
Goodwill			—		69,516
Current assets					
Stock		706		249,789	
Debtors		372		283,374	
Bank balances and cash		20		391	
		1,098		533,554	
Current liabilities					
Creditors		8,699		233,525	
Tax		—		4,516	
Bank overdraft		10,461		10,461	
		19,160		248,502	
Net current (liabilities) assets			(18,062)		285,052
Deferred liabilities	6		—		(180,697)
			105,344		426,293
Share capital	7		10,000		10,000
Reserves	8		95,344		416,293
			105,344		426,293

Source and application of funds statements

Set out below are the summarised consolidated statements of source and application of funds for the period covered by this report. Adjustments made to the above profits before tax relating to trading results not applicable to the business being acquired have been adjusted back.

Years ended 30th June	1975 Emess £	1976 Emess £	1977 The Emess Group £	1978 The Emess Group £	1979 The Emess Group £
Source of funds					
Generated from operations					
Profit before tax as stated in the profit and loss accounts	27,943	34,324	51,228	129,718	227,223
Trading results not applicable to the business being acquired, adjusted back	—	—	(16,758)	(20,669)	(38,121)
	27,943	34,324	34,470	109,049	189,102
Items not involving a movement of funds					
Depreciation	1,720	3,266	5,208	7,802	30,247
Other	—	—	2,698	—	(1,983)
	29,663	37,590	42,376	116,851	217,366
Proceeds of sale of fixed assets	22,966	—	511	443	4,787
Hire purchase	—	—	—	73,518	107,181
	52,629	37,590	42,887	190,810	329,334
Application of funds					
Fixed assets purchased	4,922	7,691	10,520	87,526	157,465
Increase in net working capital (see below)	19,459	28,578	10,114	102,051	138,571
Tax paid	3,435	—	5,371	6,188	48,155
	27,816	36,269	26,005	195,765	344,191
Increase/(Decrease) in net liquid funds	24,813	1,321	16,882	(4,955)	(14,857)
Increase/(Decrease) in net working capital					
Stock	18,899	21,244	67,417	(11,346)	96,570
Debtors	9,782	14,816	14,783	74,238	98,711
Creditors	(9,222)	(7,482)	(72,086)	39,159	(56,710)
	19,459	28,578	10,114	102,051	138,571

The amounts shown above relating to 1975 and 1976 exclude the movement of funds of Firstsquare as Emess was acquired by Firstsquare on 1st July, 1976 and they have no relevance to the Emess Group as it is now constituted.

NOTES

Profit and loss accounts

1. Cost of goods sold includes all expenses of working and management including depreciation and interest payable.
2. The charge for tax represents the corporation tax payable on the profits of each year. No provision for deferred tax is made in accordance with the group's accounting policy for deferred tax, set out above. The amount by which the charge for tax has been reduced by tax relief in respect of which no deferred tax is provided is as follows:

1975 £	1976 £	1977 £	1978 £	1979 £
9,887	12,535	7,932	50,224	68,580

3. Dividends
No dividends have been declared in respect of the period covered by this report.

Balance sheets

4. Fixed assets

	Cost or valuation £	Depreciation/amortisation £	Net book value £
The Emess Group			
Valuation			
Plant and machinery	28,225	—	28,225
Cost			
Leasehold property	11,179	1,748	9,428
Equipment held for hire	226,398	25,104	201,294
Fixtures and fittings	19,961	9,207	10,754
Motor vehicles	5,691	3,070	2,621
	291,451	39,129	252,322
The Company			
Cost			
Fixtures and fittings	1,807	1,234	573
Motor vehicles	2,538	581	1,957
	4,345	1,815	2,530

Plant and machinery was professionally valued by Mark Golding & Associates on 30th June, 1976 on a current use open market basis.

5. Subsidiary companies

	£
Shares at cost	126,469
Amounts due to subsidiaries	(5,590)
	120,879

Water workers ask executive to back action over pay

BY PHILIP BASSETT, LABOUR STAFF

WATER WORKERS in the National Union of Public Employees want the union's national executive to authorise industrial action over pay.

The decision by the union's water national committee, representing about 10,000 of the industry's 33,000 manual workers, will further fuel Government worries about the serious and speedy impact of action in the industry, which would involve both water and sewerage workers.

Some Ministers consider the mounting threat of industrial action, which could very quickly create a serious health hazard and disrupt domestic and industrial supplies, as even more damaging than the prospect of a lengthy steel strike.

The union's water national committee decided on Monday to recommend that the union's executive gives authority for official action when it meets next week.

If as expected, the executive endorses the committee's recommendation, it will then decide what form the action should take end whether it should he national or local.

The committee's decision will add further strength to the already determined feelings against the industry's 13.1 per cent pay offer. The Transport and General Workers' Union is already balloting its members in the industry on taking action, and a national delegate conference of the industry's largest union, the General and Municipal Workers', will decide on Friday whether to endorse action.

The last Government only narrowly avoided official action in the industry last year, and workers at many depots seem determined not to repeat their acceptance of what they now see as an unacceptable offer.

Senior negotiators have warned that the prospects of reaching a settlement this year without industrial action are bleak. The unions are pressing for rises of at least 40 per cent, based partly on the rise in tha inflation rate and partly on the results of a joint internal comparability study with pay in the gas and electricity industries.

The employers have said that the offer, which would add £18m to the wages bill, was the most they can afford, given the "severe financial regime" imposed by the Government. The offer would increase average earnings from £81.28-£101.71 to £91.08-£114.16.

'Keep out' call to Labour

By Our Labour Staff

LEADERS OF the *Amalgamated Union of* Engineering Workers decided yesterday to tell the Labour Party's national executive not to interfere further in the inquiry over the dismissal of Mr. Derek Robinson, the former BL convenor.

The party's executive has said that it hopes Mr. Robinson will be given his job back. Mr. Terry Duffy, the union's president said yesterday that the Labour Party executive "would be far better looking after its political aspirations than interfering in the matter of Derek Robinson."

Mr. Duffy said the executive should keep to its own territory. "This is interference with the constitution of our union and they have broken the custom and practice of years."

● The union executive authorised Mr. Duffy to ask the next meeting of the TUC general council to reconsider its policy of having fraternal exchanges with Russian trade unions, unless the Russian unions condemn the Soviet action in Afghanistan.

Mr. Duffy wants pressure brought to bear on Russian trade unions in the hope that they can influence the Red Army to leave Afghanistan.

Electricians on building sites win second rise this year

BY GARETH GRIFFITHS, LABOUR STAFF

ELECTRICIANS on building sites are to receive a second pay rise this year because of a agreement signed only days after the last one came into force last week.

The electrical contracting industry has made a new 18-month deal covering 35,000 workers and 10,000 apprentices which is estimated worth 24 per cent.

The deal is in effect a reopener of the 1979 agreement, worth 13 per cent, which was supposed to last until January 1981.

Both the Electrical and *Plumbing Trades Union* and the employers said the agreement was necessary because of *developments elsewhere in the* pay round and a higher inflation rate than when the first agreement *was signed.*

The industry wants long-term agreements to make price-tendering forecasts, and sees longer-term agreements as a return to earlier wage bargaining practice.

The pay rises will mean that the *standard average* rate of 218p an hour for skilled or approved electricians will go up to *270p* on September 14 and 274p on January 1, 1981. Rates for technicians will rise to 315p *for ordinary electricians* to 248p; and for labourers 192p.

Provisions for another *reopener on pay talks* have been included in the agreement, but the sector's joint industrial *board hopes the agreement will* run as it stands until January 1982. If the retail price index *rises above 290 by next December* the deal will be renegotiated by April 1981.

Working hours are to be cut from 38 to 37½ on January 1, 1981. Lodging allowances go up from £6 to £7 a night in April.

Claims on conditions in the industry are generally dealt with separately from the main *pay settlement.*

Last year's two-year deal now overtaken, was the first long-term *settlement* in that pay round after the end of Government pay policy.

The negotiators in the industry have said they want early negotiations to help employers *estimate costs for contracts, but* now fear that such forecasts could be sent awry by inflation.

Last summer the Electrical Contractors' Association and the EPTU upset the bulk of the *trade union movement with an* agreement to provide a private health scheme for blue-collar workers and their *families.*

Coal ship allowed into Newport

THE MAROONED coal ship Casparia, blacked by dockers since Christmas, was allowed into Newport docks yesterday because its fuel and food supplies were dangerously low.

But dockers would not unload the 20,000 tonnes of American coking coal destined for nearby Llanwern steelworks. The dockers have blacked imported coking coal shipments at the request of South Wales miners, who fear the foreign fuel will cost them thousands of jobs.

Newport docks said the Casparia would leave after stocking up with fuel and food. If she is not diverted to a European port it is likely she will continue riding at anchor in the Bristol Channel in hope of a settlement in the dispute.

Talks between the coal board and the British Steel Corporation have so far failed to produce a general agreement and South Wales miners are insisting that all coking coal imports should be blacked, pending settlement.

Civil Service union sanctions

By Philip Bassett, Labour Staff

THE Institution of Professional Civil Servants yesterday announced a programme of sanctions over an arbitration award to 30,000 technicians and other staff which gives increases of 19-27 per cent.

The response of the union's executive further increases the likelihood of industrial action in the Civil Service and could also strain relations with unions representing blue-collar civil servants.

The executive announced that it would:

● Suspend all co-operation with the Civil Service's Pay Research Unit, which determines the level of pay increases for all 800,000 white-collar civil servants. This will not affect PRU reports for the settlement due in April, but will have an impact on preliminary work for the 1981 deal.

● Recommend that its 99,000 members refuse to co-operate with the introduction of contract staff to overcome staff shortages stemming from either the general Civil Service manpower cuts or the pay rates from the award which the union considers unattractive.

● Refuse co-operation with the introduction of new productivity schemes for industrial staff. New schemes, usually negotiated every year, are important to industrial staff, and a refusal to implement them would anger unions. Mr. Mick Martin, public services national secretary of the Transport and General Workers' Union, warned that if the ban created difficulties over bonus schemes the industrial staff would respond in kind.

The executive is also refusing to refer any forthcoming dispute to the Civil Service Arbitration Tribunal, which made the award to the technicians, while Mr. David Calcutt, QC, who used his casting vote to decide against the union's claim, remains as chairman. This decision increases the likelihood of any pay dispute this year becoming prolonged, and is a further move away from the union's traditionally moderate stance.

Commercial director for JCB

Mr. Tim Leadbeater has been appointed group commercial director, J. C. BAMFORD EXCAVATORS, Rocester, Staffordshire. He is now responsible for all legal matters and commercial negotiations for the JCB Group. Recently he has been in charge of co-ordinating and implementing the structures of new ventures, in particular JCB Transmissions factory at Wrexham and JCB's current joint venture in India. He is on the Board of the new company established there to manufacture JCB excavator loaders in India, Escorts JCB. Mr. Leadbeater will be in charge of any future joint-venture projects for the JCB Group.

★

Mr. Anthony O. Arcuni, head of BANKERS TRUST COMPANY international investment management group, has been elected a senior vice-president of the bank.

★

The CODE OF ADVERTISING PRACTICE COMMITTEE has a new vice chairman. Mr. John Jackson, a director of Philips Industries, begins a four-year appointment as vice chairman and chairman-elect from today. He succeeds Mr. Cholmeley Messer.

★

Mr. R. M. Illingworth has been appointed to the board of MARDON ILLINGWORTH as production director in the general trade division. Mr. S. Willoughby has become deputy managing director of Mardon Son and Hall.

★

Mr. B. R. (Brian) Hodgson has been elected president of the DRY LINING AND PARTITION ASSOCIATION. Mr. A. W. (Alan) Northam has been elected president of the LONDON ASSOCIATION OF MASTER STONEMASONS. The new vice-president is Mr. B. R. (Bruce) Chamberlain and the honorary treasurer is Mr. Donald Gaskell.

★

Mr. J. F. R. Amoore, Mr. D. M. Frost and Mr. D. J. Rigby have been appointed directors of KING TRAILERS (previously known as King Truck Equipment). Mr. S. J. F. Lamb has become a director of BOUSTEAD (MSL). Both companies are subsidiaries of the Boustead Group.

★

Mr. Brian T. G. Prevost has been appointed deputy chief executive of SWISS REINSURANCE (UK).

★

Mr. Ray E. Milton has been promoted to executive director, property investment at ABBEY LIFE ASSURANCE COMPANY.

★

Mr. P. R. Curran has been appointed senior executive director; Mr. J. A. Banks has been appointed sales director; and Mr. Max Wolf has been appointed manager of materials movement and logistics department, of VICTOR WOLF.

★

The NATIONAL COAL BOARD has appointed its deputy chief medical officer, Dr. Roy M. Archibald, as chief medical officer to succeed Dr. John S. McLintock, who retires after 30 years' service.

★

UNITED GAS INDUSTRIES has appointed Mr. L. E. T. Ashford as deputy managing director of Smith Meters and UGI (Meters), and Mr. C. Michaelides as engineering director of Smith Meters.

★

At HIGGS AND HILL Mr. G. H. Hirst, has joined the group as a director of Higgs and Hill Property Holdings; Mr. F. J. Newton, who joined the group as marketing manager for Higgs and Hill Building two years ago, has been appointed a director of that company; Mr. J. F. C. Whitfield, overseas financial controller who joined the group in 1974, has been appointed a director of Higgs and Hill Overseas; Mr. W. T. Heath has resigned as a director of Higgs and Hill Pipework following his return to the Midlands office of Higgs and Hill Building as regional manager.

★

Mr. J. Proctor-Pearson (who remains as honorary president) and Mr. R. F. Pennington, have retired from the board of REFUGE ASSURANCE COMPANY, and Mr. W. N. Brewood, and Mr. R. Stevenson, have been appointed executive and non-executive directors.

★

Mr. Alan Hardy Kirkman, chief environmental health officer, Poole borough council has been elected chairman of the general council—the governing body of the ENVIRONMENTAL HEALTH OFFICERS ASSOCIATION. He will be installed on January 18.

EMESS LIGHTING LIMITED *(continued)*

6. Deferred liabilities

This amount represents hire purchase liabilities which are repayable within four years.

7. Share capital

	£
Authorised, issued and fully paid shares of £1 each	10,000

8. Reserves

	Firstsquare	The Emess Group
	£	£
Profit and loss account	85,344	392,569
Capital reserve	—	23,724
	85,344	416,293

9. Deferred tax

The potential amount of deferred tax calculated on the liability method would be:

	£
Accelerated capital allowances	114,747
Stock relief	73,186
	187,933

Yours faithfully
FINNIE ROSS ALLFIELDS
Chartered Accountants

8. PRO FORMA STATEMENT OF NET TANGIBLE ASSETS

There is set out in Column 2 below a *pro forma statement of net tangible assets* of the Enlarged Group.

This statement is based on an unaudited statement of net tangible assets of the Company at 14th December, 1979 as set out in Column 1 and the audited consolidated balance sheet of the Emess Group at 30th June, 1979 adjusted to take into account the cash element of the first instalment of the purchase consideration of Firstsquare and related costs.

	Note	Column 1 £	Column 1 £	Column 2 £	Column 2 £
Fixed assets	1		—		252,322
Current assets					
Stock		—		249,788	
Debtors and prepayments		7,247		290,621	
Bank balances and cash		380,017		380,408	
		387,264		920,818	
Current liabilities					
Creditors		—		233,525	
Tax		12,864		17,380	
Bank overdraft		—		10,481	
		12,864		261,366	
Net current assets			374,400		659,452
Deferred liabilities	2		—		(180,697)
Net tangible assets			374,400		731,077
Deduct					
Cash element of initial purchase consideration				150,000	
Estimated related costs				60,000	
					210,000
					521,077

Notes:

1. Fixed assets

	Cost or valuation £	Depreciation/amortisation £	Net book value £
Valuation			
Plant and machinery	28,225	—	28,225
Cost			
Leasehold property	11,176	1,748	9,428
Equipment held for hire	226,398	25,104	201,294
Fixtures and fittings	19,961	9,207	10,754
Motor vehicles	5,691	3,070	2,621
	281,451	39,129	252,322

2. Deferred liabilities

This amount represents hire purchase liabilities which are repayable within four years.

3. Deferred tax

The potential amount of deferred tax calculated on the liability method would be:

	£
Accelerated capital allowances	114,747
Stock relief	73,186
	187,833

9. PROPERTIES OF THE ENLARGED GROUP

The following are the leasehold properties owned or used by the Enlarged Group:—

Property	Term	Area and description	Tenant's obligations
Pulteney Road South Woodford London E18 1PS	7 years from 25th December, 1976	6,000 square feet gross, Offices, warehouse and repository.	Fixed annual rent of £5,000. Responsibility for rates and other outgoings, cost of insurance and full repairs.
Station Estate Eastwood Close London E18 2DU	20 years from 24th June, 1974	6,000 square feet gross. Offices, warehouse and distribution centre.	Payment of annual rent of £11,250 (subject to review on 24th June, 1984 and every fifth year thereafter). Responsibility for rates and all other outgoings, cost of insurance and full repairs.

10. PLACING ARRANGEMENTS

Schaverien has agreed, subject to the Council of The Stock Exchange permitting the issued share capital of the Company to be admitted to the Official List not later than 28th January, 1980, to purchase from one of the Vendors of Firstsquare 311,562 Ordinary Shares of 25p each of the Company and from Widenham Trust Limited ("Widenham") 314,842 Ordinary Shares at the price of 80p per share which will be placed at that price. Of these Shares Mr. M. Meyer is acquiring 177,812, Mr. P. Viney is acquiring 10,000 and Mr. S. A. Mitson 15,000, all at the placing price. No part of the proceeds of the sale to Schaverien accrues to the Company, 25 per cent. of the remaining Shares being placed will be made available to the market.

11. STATUTORY AND GENERAL INFORMATION

A. Share and loan capital

At 8th January, 1978 the authorised and issued share capital of the Company was £156,000 divided into 624,000 Ordinary Shares of 25p each.

On 8th January, 1980 the authorised share capital of the Company was increased to £500,000 by the creation of 1,376,000 Ordinary Shares of 25p each, of which 543,750 Ordinary Shares were issued as consideration for the acquisition of Firstsquare. The Company has no loan capital.

On 9th November, 1979 Largs Limited ("Largs"), which then owned 489,842 Ordinary Shares of the Company (78 per cent.), entered into an Option Agreement with Widenham whereby Widenham was granted the right to acquire the 489,842 Shares at a price of 66p per share at any time up to 29th February, 1980 and Largs has the right to require Widenham to *purchase such Shares or the balance of such Shares not by then purchased by Widenham within* 14 days from 29th February, 1980. Widenham has exercised the option in respect of 314,842 Shares and has agreed to place such Shares through Schaverien. Widenham has confirmed its *intention to exercise its option over the remaining 175,000 Shares.*

Save as mentioned herein, during the last two years no share or loan capital of the Company or of any of its subsidiaries has been issued for cash or a consideration other than cash, nor is any such share or loan capital proposed to be so issued, and no commissions, discounts, brokerage or other special terms have been granted by the Company or any of its subsidiaries in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries. Save as mentioned herein no share or loan capital of the Company or any of its subsidiaries is under option or has been agreed conditionally or unconditionally to be put under option.

B. Directors' and substantial interests

The interests, all beneficial, of the Directors of the Company, including their family interests, in the share capital of the Company, following completion of the placing arrangements described in paragraph 10 above will be as follows:—

	Ordinary shares of 25p each
P. A. H. Viney	10,000
M. Meyer	380,000
G. A. Payne	30,000
S. A. Mitson	15,000

Upon exercise of the remainder of its option Widenham will, together with its associates and investment clients, own 175,000 Ordinary Shares of 25p each being approximately 15 per cent. of the issued share capital. The Directors are not aware of any other holding which exceeds 5 per cent. of the issued share capital.

The total emoluments of the Directors of the Company for the 12-month period ended 31st March, 1979 were £10,388. Under the arrangements now in force the aggregate emoluments of the Directors of the Enlarged Group on an annual basis will be £48,000 subject to annual increase in the manner specified in paragraph F below. Mr. S. A. Mitson will also receive a commission equal to 5 per cent. of the net profits before tax of Emess in excess of £100,000.

On 19th July, 1979 the Company sold 227,077 Ordinary Shares of 25p each of Shiloh Spinners Limited to Largs. The sale was ratified by shareholders on 8th January, 1980.

C. Subsidiary companies

Particulars of the Company's subsidiaries, all of which are incorporated in England and are, directly or indirectly, wholly owned by the Company, are as follows:—

Name	Date of incorporation	Issued Share Capital £	Nature of business
Firstsquare Management Limited	*15th January, 1973*	10,100	Holding Company
Emess Lighting (U.K.) Limited	13th July, 1981	10,000	Assembly, importing and distribution of lighting fittings; leasing
Mulbond Securities Limited	29th April, 1977	100	Dormant

D. Articles of Association

The Articles of Association of the Company contain (*inter alia*) provisions to the following effect:—

(i) Subject to any special terms as to voting upon which any shares in the Company may have been issued, upon a show of hands every member present in person shall have one vote and upon a poll every member present in person or by proxy shall have one vote for every 25p in nominal amount of the shares held by him.

(ii) There is no share qualification for Directors.

(iii) The Directors shall be paid out of the funds of the Company by way of remuneration for their services such sum (if any) as the Company in General Meeting may from time to time determine. Such remuneration shall be divided among the Directors in such proportions and manner as they may determine and in default of determination equally.

(iv) The Directors may grant pensions or gratuities to any present or past officers or employees of the Company or its subsidiaries or associated companies or to the relatives or dependants of any such persons.

(v) The Directors may borrow or raise from time to time such sums of money as they think necessary for the purposes of the Company provided that the aggregate borrowings of the Company and all its subsidiaries (excluding intra-group borrowings) shall not, without the *previous sanction of the Company in General Meeting, exceed four times the aggregate of* the nominal capital of the Company and amounts standing to the credit of the consolidated capital and revenue reserves (as defined).

(vi) *No Director shall vacate his office or be ineligible for reappointment as a Director, nor shall* any person be ineligible for appointment as a Director, by reason only of his having attained any particular age.

(vii) *A Director shall not vote (nor be counted in the quorum) in respect of any contract or* arrangement in which he has any material interest but this prohibition shall not apply to any of the following matters, namely:—

(a) *the giving to a Director of any security or indemnity in respect of money lent or* obligations incurred by him for the benefit of the Company;

(b) the giving by the Company of any security or indemnity in respect of a debt or obligation of the Company which the Director has himself guaranteed or secured in whole or in part;

(c) any proposal concerning an offer of shares, debentures or other securities of the Company for subscription or purchase in which the Director is interested as an underwriter of such offer;

(d) any proposal concerning any other company in which the Director is interested provided that the Director is not interested in 1 per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company;

(e) any exercise of the powers of the Board set out in paragraph (iv) above.

E. Material Contracts

The following Contracts entered into by the Company within the two years immediately preceding the date of this document (other than in the ordinary course of business) are or may be material:—

(i) Dated 14th March, 1978 between the Company and The Rochdale Borough Council being a contract for the sale of a freehold property known as Era Ring Mill, Rochdale for £120,000.

(ii) Dated 19th July, 1979 between the Company and Largs being a contract for the sale of 227,077 Ordinary Shares of 25p each of Shiloh Spinners Limited for £71,282.

(iii) Dated 9th November, 1979 between the Shareholders and Directors of Firstsquare and the Company being the agreement for the acquisition of the share capital of Firstsquare, which contains the usual commercial warranties and indemnities relating to taxation, including capital transfer tax and estate duty.

F. Service Agreements

The following Service Agreements have been entered into by either the Company or Emess and the Directors:—

(i) Dated 8th January, 1980 between the Company and Mr. M. Meyer for the period to 30th June, 1986 at an annual salary of £10,000 (subject to annual increase in line with the percentage increase of the Index of Retail Prices).

(ii) Dated 8th January, 1980 between Emess and Mr. G. A. Payne for the period to 30th June, 1986, at an annual salary of £15,000 until 30th June, 1980, £20,000 from 1st July, 1980 to 30th June, 1981 and £25,000 from 1st July, 1981 to 30th June, 1982. From 1st July, 1982 the service may become part-time and in that event there will be an equitable abatement of salary.

(iii) Dated 8th January, 1980 between Emess and Mr. S. A. Mitson for the period to 30th June, 1988, at an annual salary of £21,000 (subject to annual increase in line with the percentage increase of the Index of Retail Prices) and a commission of 5 per cent. of the net profits before tax of Emess in excess of £100,000.

Save as disclosed herein all service contracts are terminable by the Company on less than 12 months' notice without payment of compensation.

G. General

(i) Following the acquisition of Firstsquare no issue of Ordinary Shares of the Company will be made without the prior approval of shareholders in General Meeting if as a result control of the Company would effectively be altered.

(ii) There is no litigation or claim of material importance pending or threatened against any company in the Enlarged Group.

(iii) Finnie Ross Allfields have given and have not withdrawn their written consent to the inclusion of their report and letter in this document in the form and context in which they appear.

(iv) Schaverien have given and have not withdrawn their written consent to the inclusion of their letter in this document in the form and context in which it appears.

(v) Mark Golding & Associates have given and have not withdrawn their written consent to the inclusion of their name and the reference to their valuation in the form and context in which it appears.

(vi) The expenses of the acquisition of Firstsquare and of the admission to the Official List of the share capital of the Company, which are expected to amount to approximately £60,000 exclusive of VAT, will be paid by the Company.

(vii) The Directors of the Company are of the opinion that, following the acquisition of Firstsquare, the exercise in full by Widenham of its option to acquire the remaining 175,000 Ordinary Shares and the placing of 626,404 Ordinary Shares by Schaverien, the Company will not be a close company under the provisions of the Income and Corporation Taxes Act, 1970.

(viii) Save as disclosed herein, no Director has had any interest in any assets which within the two years preceding the date of this document have been or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries and no Director has any material interest in any subsisting contract entered into by the Company or any of its subsidiaries.

(ix) The address of Widenham is 63 Lincoln's Inn Fields, London WC2A 3LW, and that of Mrs. H. Payne (the other Vendor of shares to Schaverien) is 226a King's Road, London SW3 5UA.

(x) Mr. E. A. Levine is a director and shareholder of Widenham and is a partner in the firm of Eric Levine & Co. who will be receiving a professional fee in connection with the acquisition of Firstsquare and the admission to the Official List of the share capital of the Company.

H. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and Bank and Public Holidays excepted) during the 14 days from the publication of this Advertisement at the offices of Schaverien, 18½ Sekforde Street, London EC1R 0HN:—

(a) Memoranda and Articles of Association of the Company and of Firstsquare.

(b) The audited consolidated accounts of the Company for the two years ended 1st April, 1978 and 31st March, 1979.

(c) The audited consolidated accounts of Firstsquare and its subsidiaries for the two years ended 30th June, 1979.

(d) The report of Messrs. Finnie Ross Allfields, together with their statement of adjustments, their letter relating to the profit forecast and their letter of consent.

(e) The letter of Schaverien relating to the profit forecast and their letter of consent.

(f) The valuation of Messrs. Mark Golding & Associates dated 30th June, 1979 and their letter of consent.

(g) The circular letter dated 14th December, 1979 to shareholders of the Company relating to the acquisition of Firstsquare.

(h) The contracts referred to in E and F above.

(i) The contract dated 8th January, 1980 between Schaverien, Mrs. H. Payne and Widenham *being the agreement for the placing of shares referred to in paragraph 10 above.*

Dated 8th January, 1980.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMPUTERS

Hoskyns in at Fortes

TRUSTHOUSE Forte, largest hotel group in the UK, has decided to install Hoskyns microcomputer based systems to control the front desk operations in many of the group's premises.

The programme started in 1979 with a successful initial installation of the full reservations and guest accounting system at the St. George's Hotel in London. The system at the St. Georges consists of 2 visual display units and a printer on the front desk with 4 mini terminals in the hotel used for posting charges directly from the point of sale, such as the restaurant and telephone exchange to the guest account.

After this installation, Trust House Forte and Hoskyns worked together on a new guest accounting microprocessor system for small hotels. The resulting product, Tuffy, has since been installed in some 24 Trust House Forte Hotels throughout the UK with a significant programme of future installations. Hotels already using the Tuffy system include many Post Houses as well as other THF hotels such as the Hallam Tower in Sheffield, the Berystede in Ascot, Craiglands at Ilkley and the Kingsley in London.

The programme of installations for the main Hoskyns hotel system has also continued at THF's larger hotels. An installation has just been completed at the Post House at Gatwick Airport and an installation has just gone into the 455 bedroom Skyway Hotel at Heathrow Airport.

Hyde Park Hotel in Knightsbridge will be tackled in February.

Hoskyns System Development Millmead, Staines. Staines 61124.

Aids micro development

MADE BY Milleonium Systems Inc in the U.S. and offered by Microsystem Services is a microprocessor evaluation, development and debugging tool which it is claimed can be used by experienced micro users and novices alike.

It can be used to examine the Z80A, 8085, 8086 and Z8002 processors; others to be added to the list soon will be M6800, 8035, 8048 and M6809.

Known as Designer, the unit consists basically of a hexadecimal input keyboard, a 16-key command and function keyboard, eight input/output switches and LED outputs, together with a 16 digit alphanumeric display and plug-in "personality" modules to suit the micro-chip in question.

Designer can be used to examine a new processor, develop trial circuits for the complete computer, integrate hardware/software, or it can be used to train programmers who need familiarisation with a particular processor.

To examine a particular processor chip, the user simply plugs in the appropriate personality module. The register set can then be examined and sample programmes can be entered and "walked through" using the machine's step function. Registers can be examined after each instruction so that the effect of new or unusual instructions can be seen.

Performance comparisons between two processors can be made by simply running programme routines first with one personality module and then another. In this way the user can assess a routine on different chips before committing himself. Similarly, the time taken to process a routine can be measured in each case on Designer's timer.

The machine has a "breadboard" area on which prototype circuits can be assembled and debugged or alternatively a connector may be plugged into the microprocessor socket of an external system for similar evaluation/development purposes.

For debugging software a programme can be executed to any selected point, halted, and then stepped through the code to identify the error, at any desired speed from 20 ms to six seconds per step.

More from 11 Duke Street, High Wycombe, Bucks (0494 41661).

● METALWORKING

New machining methods studied

AMERICAN machine-tool technology in general and the expertise of General Electric of America in particular will benefit greatly from a new $2.1m contract to GE from the U.S. Defence Advanced Research Projects Agency (DARPA) to study high-speed and laser-assisted machining techniques.

The contract will be managed for DARPA by the Air Force Materials Laboratory, Dayton, Ohio. Meanwhile, GE's Research and Development Centre in Schenectady, New York, is the prime contractor for the study programme which will last 46 months.

In the study programme, researchers from GE (U.S.) and its supporting organisations will make a major effort to determine how cutting tools interact with the part being machined and how chips are formed.

To aid in their studies of chip formation, the research team will employ a number of advanced analytical tools, including high-speed framing cameras capable of taking up to 1m photographs a second. They also will employ infra-red pyrometers that can measure the temperature of a spot half the size of a pin-head with extreme accuracy.

For these studies, workpieces will be machined at speeds up to 30,000 surface feet per minute (SFPM) and even higher. Conventional machine tools, by contrast, generally are operated at speeds of less than 1,000 SFPM.

The DARPA programme researchers also will explore the feasibility of a number of innovative high-speed machining concepts, many of them untried and unexplored. Among ideas to be investigated are self-sharpening and rotary cutting tools, the application of grinding technology to milling, and innovative coolant/lubricant systems.

Finally, the programme researchers will conduct an in-depth study of laser-assisted machining—the idea of employing a high-temperature laser beam to soften the metal ahead of the cutting tool and thus speed up material removal rates. This work will focus primarily on solving the problems of coupling laser energy to the workpiece and establishing the power requirements for efficient and economic use of the laser-assist.

This last objective sounds to be very much on the same lines as the high temperature machining techniques already developed to commercial stage in Britain by PERA.

Driller to take a big load

BY ADAPTING inspection machines to suit drilling operations, a number of significant advantages are available to the user according to Norma, the Italian company which designs and manufacturers the Multi-Norma range.

Norma machines are marketed in the UK by the factoring division of Kearney and Trecker Marwin.

The unusual layout has called for some unusual construction techniques as well. These include tubular steel columns and a concrete, steel-fibre filled base. With this approach, Norma claims that there is no limit to the load that can be imposed on the table—it can be fitted between the guides, the table can accept the load.

The head is powered by a 5 hp dc motor which provides infinitely variable spindle speeds in the range 1-2,500 rev/min. Such a head gives a drilling capacity in steel of 40 mm (1.5 ins). An optional 7.5 hp head increases this figure to 50 mm (2 ins).

All axes are fitted with dc feed motors and recirculating ball screws. Twin ballscrews in the two gantry supports for the Y axis are powered by one centrally mounted motor.

High rapid traverse rates over the working area ensure that the non-cutting time moving between hole centres is minimised. Both X and Y axes can be programmed at speeds up to 10 metres/min (33 ft/min).

When the gantry, which carries the drilling head, is moved to the rear of the machine, there is access to the full table area for an overhead crane.

There are three models in the range with X axis traverses of 1,600 and 2,000 mm (63 and 78 in) and Y axes of 700 and 1,000mm (25.5 and 39 in). All machines have a vertical traverse (Z axes) of 500mm (19.5 in).

Kearney and Trecker Marwin, Crowhurst Road, Hollingbury, Brighton, Sussex BN1 8AU. 0273 507255.

● MATERIALS

Coatings for paper

TWELVE WATER-BASED high solids pigments dispersions for the paper coating industry—but also useful in the manufacture of decorative paints and water-based printing inks—have been placed on the market by CIL-Gould.

These dispersions are produced using non-ionic and anionic wetting agents and will withstand the high processing temperatures encountered in the paper coating process. If temperature resistance as high as over 130 degrees C is required, appropriate grades are available.

Though they are made with between 45 and 55 per cent solids, all the foregoing dispersions are fluid and pumpable, having good all-round resistance and light-fastness.

CIL-Gould at Byrom House, Quay Street, Manchester M3 3HS. 061 834 8492.

All about chemicals

ANYONE involved in the use of chemicals and the chemicals industries generally should be interested in the 1979-80 Chemicals Information Handbook which has just become available.

This issue updates information in earlier editions which relate to the chemicals side of the Royal Dutch/Shell Group. Copies are normally supplied free of charge, but if orders for six or more are placed Shell makes a charge of £1.50 per copy.

Requests for copies should be addressed to: Shell International Petroleum Company (PA/012), Shell Centre, London SE1 7NA.

Europe's largest industrial frontage—the third-mile long headquarters of JC Bamford Excavators in Staffordshire—is now policed by three electronic watchdogs, the business end of which is shown here. They are based on surveillance technology developed in Britain by the Leeds-based RSS Group. That company's equipment allows high-definition closed-circuit TV pictures to be transmitted both day and night to a central monitoring desk depicted. From here, three specially-positioned cameras can be made to tilt and lift as necessary, pan across any selected area and electronically convert from wide angle to zoom vision—putting the chosen subject clearly in the picture. It has enable JCB to reduce patrolling duties, achieving better security with the same staff. Unauthorised breaches of the factory perimeter have virtually ceased and no incidents of vandalism have, so far, been recorded. RSS at Roundhay Road Industrial Estate, Grant Avenue, Leeds 7.

● INSTRUMENTS

Tester for bare or loaded boards

USING A Z-80 microprocessor and "bed of nails" fixturing, the model 2245 in-circuit continuity tester from GenRad allows connections and selected resistor values to be checked on both component-loaded and bare printed circuit boards.

Programming for a particular board is by a self-learning process that relatively unskilled technicians can employ making use of a known good board. Typical board test time is then one or two seconds.

Because it can measure values of resistance from 10 ohms up to 10 kilohms the 2245 can pinpoint a range of process errors such as under or over etching, poor washing and uneven clodding. The company claims that it can detect resistor faults that bigger functional testers will not. In fact, it can improve the productivity of work on such machines by pre-screening boards for connection problems.

With a fixture change the instrument can be used to test back-planes, cables and box wiring.

A built-in 10 column printer permits easy access to diagnostic information. Programs when learned and entered are stored on a magnetic cartridge so that new work programs can be quickly loaded.

The floor standing equipment measures 1149 x 584 x 914 mm and can be easily moved to different locations.

More from GenRad, Norreys Drive, Maidenhead, Berks (0628 39181).

Thermometers from two new sources

DIGITAL THERMOMETERS have been announced by both Digitron Instrumentation and Lyons Instruments.

The device from Lyons is mode by Guildline Instruments and makes use of a platinum resistance probe connected to an electronics unit measuring 294 x 78 x 198 mm and weighing under 2 kg. Designated 9535, it covers the temperature range −100 to +200 deg. C with a claimed resolution of 0.001 deg. C between −20 and +40 deg. C, becoming one order worse below and above these temperatures. It has a 4½ digit autoranging liquid crystal display incorporating a low battery indicator. System time constant is five seconds and accuracy 0.01 deg. C between −5 and +40 deg. C. Lyons Instruments is at Ware Road, Hoddeson, Herts, EN11 9DX (Hoddeson 67161).

The model 4706 from Digitron Instrumentation, Merchant Drive, Hertford (Hertford 50353) is a robust hand-held instrument able to measure between 0 and 55 deg. C to a resolution of 0.1 deg. C. A general purpose stainless steel probe is standard, but penetration probes can be provided for internal measurements of food products.

● CONSTRUCTION

Genesys is reborn

OFFERED ON the University Computing Company's European service network is a new version of the complete repertoire of programs in the Genesys suite, designed at Loughborough University specifically for the construction industry.

Genesys covers all aspects of analysis and design and contains packages for estimating, management and planning.

Most important inclusion in the new version on UCC is the CP 110 group of programs which automates the analysis and design but also the draughting of concrete structures designed to CP 110. It also contains SUSAN, which is an easy to apply three-dimensional finite element package.

Because of the advanced plotting equipment installed at UCC, the latter is able to offer full support for the programs on a bureau basis.

UCC, 344 Euston Road, London NW1 3BJ. 01-387 9661.

● COMMUNICATIONS

Counts telephone costs

STC HAS taken delivery of a 500 line telephone call accounting system from Interscan. It is a portable model from Interscan's TDA (Traffic Data Analyser) range and will transmit telephone traffic data gathered from remote locations to STC's London headquarters via the latter's private network.

Data is recorded off-line on computer magnetic tape for processing at a later date and up to 15 sites will be involved. The TDA scanner will alternate between them at approximately six monthly intervals.

The aim is to make managers aware of the level of spending by their departments so as to contain telephone expenditure. The information from the TDA will enable management to make a more realistic apportionment of costs incurred at each site, according to Ken Walker, STC's telecommunications manager.

Interscan is at 39 Montrose Avenue, Slough, SL1 6BS (0753) 70821.

● PACKAGING

Baler made for UK purposes

AUTOMATIC in operation, a three-ram scrap metal baling machine designed for the UK materials reclamation industry has been introduced from France by Rankinco, Fairbrae House, 4, Blades Close, Leatherhead, Surrey.

It is one of the range of balers produced by the Cosmo Company, of France, and is powered by a 100 hp diesel or electric motor to produce a 12-inch (300 mm) cube bale at between 30 and 90 an hour.

It handles ferrous and non-ferrous scrap such as new steel cuttings, light iron, stainless steel, aluminium, brass and similar metals. It can also be used to bale tin cans from incinerator plants.

Scrap is loaded into the 4 ft x 5 ft compression box and thereafter the compression/ejection cycle is fully automatic. An initial compression of 80 tonnes by the lid is followed by a 100 tonnes compression by the in-line horizontal ram with a final compression of 100 tonnes by the side ram. The compacted bales are ejected at the side of the machine.

Features of the 1230 S baler include serrated wear plates on the compression box and shear knives along the top of the box and lid. The lid forms the top of the bale chamber, thus providing a larger filling area and ensuring that the baler stays jam-free.

Rankinco is on Ashtead 76390.

Laminator for world markets

SIMON-VK, printing press maker in the Simon group, has purchased outright from Arnold Cellophane Corporation of America the design of and technical know-how on a laminating and coating machine and is to manufacture it at the Wirral, to market worldwide.

The machine is particularly valuable in the packaging of freezer, snack and convenience foods for which laminations of various types of plastic film, cellulose film, foil and paper, are made with heat-sealable, thermal stripe and other forms of coating.

The laminator tackles double and triple laminates and coatings and runs at up to 600 ft per minute with a 52-inch web.

Simon - VK, Arrowbrook Road, Upton, Wirral, Merseyside, L49 0XB. 051 677 9451.

● HANDLING

Loco uses radio guidance

A THREE axle diesel hydraulic shunting locomotive MC800N supplied by O & K Orenstein and Koppel AG of Dortmund to a Bremen steelworks can be radio controlled.

The engine is able to generate 510 kW (700 hp), and using a portable radio transmitter on a neck-strap, the shunting yardman can operate the locomotive from convenient locations via the receiver in the cab.

Thus the system co-ordinates the roles of loco driver and yardman and it is claimed, has considerable safety advantages combined with economic benefits of rationalisation.

O & K believes that such an arrangement is particularly beneficial in the transport-intensive operations of the steel industry. At the Bremen site for example (that of Klockner-Werke AG) the railway carries within the site five tonnes of material for every one tonne of raw steel produced.

O & K is at Karl-Funke Strausse 30, 4600 Dortmund 1, Federal Republic of Germany.

PUBLIC NOTICES

CITY OF MANCHESTER BILLS
Tenders totalling £84½m. were received for £13m issued on 9th January, 1980 at 16½% maturing 9th April, 1980, outstanding bills £13m.

LOCAL AUTHORITY BILLS
SUFFOLK COUNTY COUNCIL issued 8.1.80 due 8.4.80 £2m at 15 61/64%. £2m at 16% p.a. Total applications £55m. Total outstanding £1½m.

METROPOLITAN BOROUGH OF STOCKPORT issued 9.1.80 due 9.8.80 £1m at 15 61/64%, £2.5m at 16% p.a. Total applications £28m. Total outstanding £4.5m.

MIDDLESBROUGH BOROUGH COUNCIL £600,000 bills issued 9.1.80 at a rate of 16½% to mature 9.4.80. Total applications were £3m and these are the only outstanding bills.

PRINCIPALITY OF MONACO
PUBLIC AUCTION SALE

Wednesday 30 January 1980, at 10 a.m., in the Law Courts of the Principality of Monaco, a real estate condominium located 3, 5 and 7 boulevard des Moulins and 32 boulevard Princesses Charlotte in Monte Carlo, of a ground surface of approximately 3,150 sq. m., including basement, ground floor and three storeys. The reserve price is set at French Francs 32,270,860.67 (thirty-two million two hundred and seventy thousand eight hundred and sixty francs sixty-seven centimes). Before starting the bids, a compulsory deposit of 5,000,000 French francs (five million francs) by certified cheque must be made.

Contact:
Mr. Roger Orecchia, Official Receiver,
30, Boulevard Princesse Charlotte
MC-MONTE CARLO
Telephone (93) 30.15.15

COMPANY NOTICES

TO THE SHAREHOLDERS
OF
NATIONWIDE LEISURE LIMITED

The Directors of Nationwide Leisure Limited regret to announce that owing to the Christmas break and to the delay in receiving information from the Offerors it may be that Shareholders will not receive the Board's circular regarding the offer before they have to decide whether to accept or reject it. The Directors wish to announce that although they intend to reject the offer in respect of their own shareholdings they must warn Shareholders that in view of the uncertainty regarding the future management of the Company they cannot recommend them to do likewise.

INTERNATIONAL DEPOSITARY RECEIPTS (IDR)
ISSUED BY MORGAN GUARANTY TRUST CY OF NEW YORK
REPRESENTING ORDINARY CONVERTIBLE CLASS C SHARES OF BRASCAN LIMITED

A distribution of CAN$0.30 per depositary share less any applicable taxes and fee will be payable on and after January 31, 1980 upon presentation of coupon no. 12 at any of the following offices of Morgan Guaranty Trust CY of New York.
—New York (USA), 30, West Broadway
—Brussels, 35, avenue des Arts
—Antwerp, 82, Frankrijklei
—London, 33, Lombard Street
—Paris, 14, Place Vendôme
—Frankfurt, Bockenheimer Landstrasse 8
—Zurich, Stockerstrasse 38
and at Banque Générale du Luxembourg, 14, rue Aldringen, Luxembourg.

ENTREPRISE DE RECHERCHES ET D'ACTIVITES PETROLIERES
E R A P
Public Corporation of the French State
(Decree No. 65-1118 of December 17th, 1965)
Registered Office:
7, rue Nélaton, PARIS (15ème)

9% BONDS 1970/1982 of USD 1,000
Numerical List

(1) Of the series including, with the previous purchases, the 1,105 bonds drawn by lot on December 19, 1979 (ninth drawing) making up, with the 495 repurchased bonds, the USD 1,600,000 nominal amount to be redeemed on February 15, 1980:

18 932 to 20 000
1 to 34
1 415 to 1 486

(2) Of the series previously drawn by lot among which are bonds not yet presented for the repayment:

Drawing of December 21, 1972—Repayment on February 15, 1973
4 434 to 5 433
Drawing of December 22, 1976—Repayment on February 15, 1977
13,671 to 15,274
Drawing of December 20, 1977—Repayment on February 15, 1978
5 434 to 7 165
Drawing of December 27, 1978—Repayment on February 15, 1979
35 to 1 414

Each of these bonds is repayable at USD 1 000 at the office of the FIRST NATIONAL CITY BANK, in NEW YORK, and at the following banks:
—Banque National de Paris, Paris
—Credit Lyonnais, Paris
—Deutsche Bank AG, Francfort-sur-le-Main
—Commerzbank AG, Dusseldorf
—Kredietbank NV, Bruxelles
—Barclays Bank, Londres
—Banca Commerciale Italiana, Milan
—Kredietbank SA Luxembourgeoise, Luxembourg
—Amsterdam-Rotterdam Bank NV, Amsterdam
—Banque de Paris et des Pays-Bas, Paris
—Banque Francaise de Depots et de Titres, Paris
—Dresdner Bank AG, Francfort-sur-le-Main
—Banque Bruxelles Lambert, Bruxelles
—Societe Generale de Banque SA, Bruxelles
—Banca Nazionale del Lavoro, Rome
—Banque General du Luxembourg, Luxembourg
—Algemene Bank Nederland NV, Amsterdam

Outstanding amount: USD 6 400 000
NOTA—The bonds bearing the numbers 1 085-1 086 and 19 833 to 19 835 (primata) redeemed are under stop.

NATIONAL WESTMINSTER BANK LIMITED

NOTICE TO PREFERENCE SHAREHOLDERS
NOTICE IS HEREBY GIVEN that a dividend of 2.45p per share for the half-year ended 31st December, 1979 will be paid on 29th February, 1980 to holders of the Cumulative Preference Shares registered in the books of the Company at the close of business on 25th January, 1980.

By Order of the Board,
C. F. GREEN, Secretary.
41 Lothbury,
London EC2.
8th January, 1980.

LEGAL NOTICES

NOTICE TO CREDITORS
THE AFRICAN MERCANTILE COMPANY (OVERSEAS) LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before 31st January 1980, to send their names and addresses, with particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Roy Charles Williams of 40, St. Mary Axe, London EC3A 8EU, a Joint Liquidator of the said Company, and, if so required by notice in writing by the said Joint Liquidator, are, by their Solicitors or personally to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved. This notice is purely formal and all known Creditors have been, or will be, paid in full.

R. C. WILLIAMS,
Joint Liquidator.
Dated this 4th day of January 1980.

Have technology, will travel

Hazel Duffy on the complex organisation behind Fluor, the U.S. design contractor

ASK most informed Americans how to close the energy gap, and they will talk about synthetic fuels. Although President Carter's vision of a $100bn industry has been watered down to only one-fifth of this amount, the subject excites more and more interest as the world's fuel oil supply becomes daily more fragile.

One company which believes it can offer an almost instant answer is the Fluor Corporation. Fluor, which has its head offices in southern California, is one of the largest process and contracting engineers in the world. It also recently acquired the rights to the marketing and use in the U.S. of the Sasol coal conversion technology with which it has worked extensively in South Africa.

A Sasol project has been in operation in South Africa since 1955. The plant was small, so a major expansion was planned after the Middle East war in 1974. The following year, Fluor was awarded the contract for the engineering and design and construction of Sasol Two. Now nearly complete, Fluor has since gained a second contract for another expansion phase (Sasol Three). The two phases are costed at $4.5bn.

So far, the Sasol technology has been used only in South Africa. Fluor designers argue that it could be adopted rapidly in the U.S., which has huge reserves of coal, because it is a tried and tested method. A preliminary study undertaken by Fluor shows that a modified Sasol-Two type plant, costed at $3.6bn, could be operational by late 1984, when it could be producing about 58,000 barrels a day of gasoline, diesel and jet fuel.

Fluor has several huge projects (which it terms superprojects) on its books. As well as Sasol, it has an enormous contract in Saudi Arabia for ARAMCO, involving the harnessing of gas now being flared off. It has contracts in Venezuela, Canada (where it recently landed about half the work on a $6bn project for the upgrading of heavy oil in Alberta), China (a major copper mine development contracted earlier this year, and costed at $800m), and in many other countries.

Fluor does not manufacture. It is concerned with design, usually adapting the licensed design of others which Fluor engineers convert into detailed design drawings in preparation for construction (in the case of Sasol, the Lurgi coal to gas, and the Fischer-Tropsch process for converting gas to transport fuel); the procurement of equipment—a major job in its own right considering the size of these superprojects; and the management of the final construction. Fluor does undertake consultant-type jobs, but its preference is for the sort of project where it handles the complete management.

Process engineering and contracting has become increasingly competitive. After the last war, several of the big American corporations set up offices in Europe, but their international dominance is now being threatened by the more aggressive tactics of the Italians, French, Japanese and most recently the Koreans.

It is well known that in this business, companies are not always competing on like terms. Governments are anxious to muscle in on this type of work because it can bring valuable orders for their equipment manufacturers; so Government participation/subsidy is a fairly common content in some parts of the world, although the complexity of such large projects makes it difficult to identify exactly where the help has been given.

Fluor, in common with other American corporations, does not generally chip in with its own finance in order to secure contracts. It does, however, arrange finance through the normal channels, and also works through Government-backed agencies such as the Export-Import Bank in the U.S. and ECGD in the UK. So far, it has not got involved in barter contracts, whereby the contractor arranges to take goods rather than cash. (Sometimes these arrangements involve taking a proportion of the end product which is to be manufactured at the plant under construction. This is particularly common on East European contracts.)

William McKay, the president of Fluor Constructors International, concedes that Fluor might have to look more closely at barter. He admits life is getting tougher as competition for the big international projects gets stiffer. But he believes the Americans continue to have distinct advantages over the competition: "Quite simply, we have been at it longer than the others. Our technology is superior, and we must work to keep it that way. We also have the advantage that many of our customers overseas are big American companies."

Task force

Fluor management says that one of the keys to its success is the system of management controls evolved over the years. Customers always want their projects completed in the minimum of time, to the maximum of competence, and at the best possible price. Fluor finds that the way to manage these huge projects is through what it calls task forces. A task force is like a subsidiary company in the Fluor organisation; it carries out everything in connection with each project, apart from the initial marketing. The task force is used widely in consultancy and contracting, but Fluor believes it has extended it beyond that of other companies.

The project director is the equivalent to the president of a small company, and he brings into the task force those people he requires. The numbers fluctuate according to the state of progress on the project. Sasol Two, for instance, peaked at 1,400 in the head office at Irvine, Southern California, with another 20,000 (mostly construction workers) in South Africa employed for the duration of the project.

Apart from the people on site, everyone in the task force is located in the same place. This may be Irvine—where Fluor has its corporate headquarters as well as the head office of the engineering and construction services division (E and C)—or Houston, Texas, or one of the overseas offices. Worldwide, Fluor employs 22,000. Fluor Europe has its headquarters in London, where employees number around 1,200 with provision for another 700. Another 600 work in the Manchester office, and Fluor also has offices in Haarlem and Dusseldorf.

The Irvine offices have been specially designed to accommodate task forces. Until a few years ago, Fluor had several offices in downtown Los Angeles. The area was becoming run down and the fragmentation was making life difficult. It was decided that Fluor should move lock, stock and barrel out to Orange County, south of Los Angeles, where the sprawling conurbation begins to give way to open spaces.

Fluor bought a 105-acre site, adjacent to the University of Southern California. The task force personnel in the E and C building work in open-plan offices, called "pods," which are designed to be expanded and contracted as required. Central to each "pod" is a scale model of the project on which the team is working.

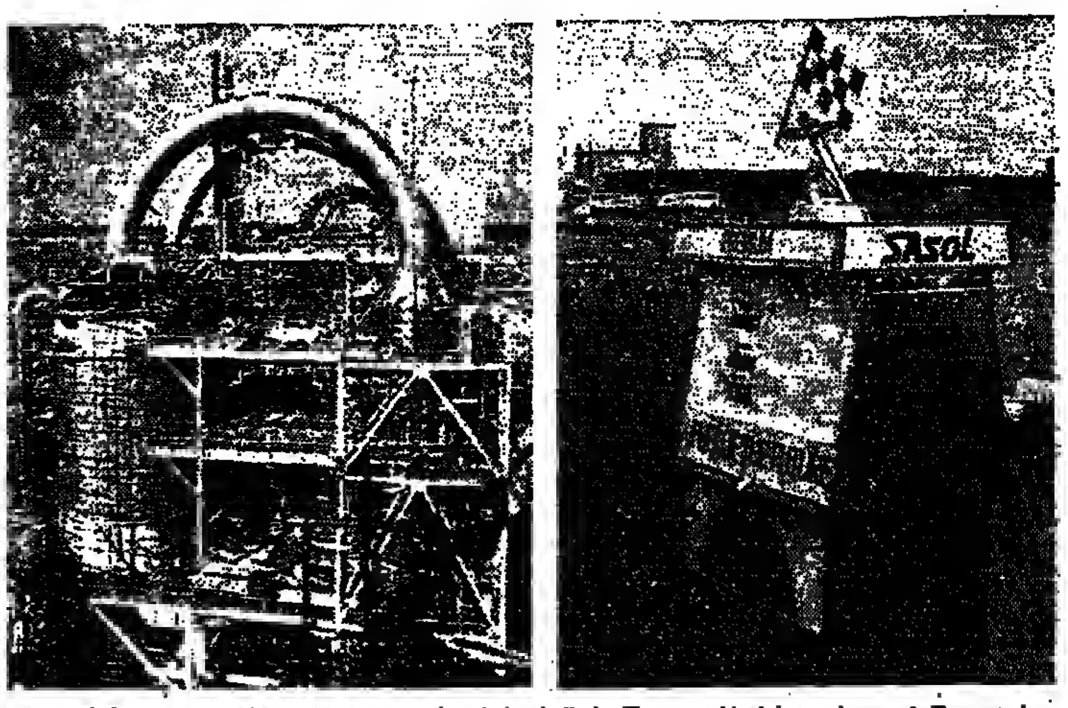
Although the model is a common feature of all project design, Fluor believes that its use is more integral than in other companies. Instead of building the model from the final drawings, Fluor uses the model for the several stages preceding the final drawings.

The typical task force has a management structure similar to that of a small company. Headed by the project director, who is an engineer, it will consist usually of an engineering director, a control team manager responsible for cost and scheduling, and the quality control administrator, all of whom report directly to the project director. Other senior personnel include the lead engineers (for example, electrical, structural, mechanical, process, chemical), and a director of material and subcontracts. Reporting to the last is the procurement manager, and the subcontracts manager who will later move to the project site.

For overseas projects, which form more than half Fluor's order book, the company frequently has to train large numbers of people on site. On Sasol Two, it claims to have trained more blacks to carry out skilled trades during a two year period than has ever been done before in that country. As a contractor which goes into a country and then pulls out when the project is complete, Fluor likes to think it leaves some legacy and this is often in the form of a skilled workforce.

This policy can also stand Fluor in good stead. On the ARAMCO project, for instance, it brought in large numbers of Philippinos whom it had previously trained in their own country, to work in labour-short Saudi Arabia.

Fluor's Sasol projects have not gone without criticism. The US Export/Import Bank refused to be involved with South Africa and Sasol was left to make the financing arrangements. The result is that little of the equipment, apart from some high technology items, has been supplied from the U.S. Most of the equipment has come from Japan or Germany, and some from South Africa.



Part of the gas conversion section of the plant being built by Fluor outside Johannesburg. A Fluor study shows that a similar plant in the U.S. could convert 40,000 tons of coal into 58,000 barrels of diesel and jet fuel per day. Fluor has recently acquired the U.S. marketing rights to the Sasol technology.

Military

Ordering of equipment is a very important part of any project. Ideally every contractor wants the best equipment at the lowest price to be delivered right on time. Frequently, however, the desire for commercial independence is tempered by the wishes of the country where the project is under construction to contribute to the equipment needs. In South Africa, for instance, which has construction and engineering industries of its own, it was a requirement of the Sasol contract that as much as possible be ordered in the country. Sometimes, however, that does not always provide the best solution, especially if components have to be matched up with final products which have been ordered from suppliers in another country half way across the world.

Bill Bittles, the engineering manager on Sasol, describes project management as "a military operation." Timing is all-important, not only for client satisfaction but also for Fluor's finances. Fluor likes to go for the reimbursable cost contract rather than the lump sum contract. This means that the cost of equipment and materials is billed to Fluor, which then bills the client after adding in an agreed profit margin. Each contract will differ, but they often involve incentives, including perhaps a bonus (or penalty) on completion, and during various stages of the project. Delivery of equipment and materials is therefore vital to the construction running smoothly.

The timing on Sasol Three, which is now in the engineering and design phase, is so critical that Fluor went to those equipment manufacturers who had supplied on the earlier phase, asked if they could supply and by how much the price had gone up because of inflation, and if the replies were satisfactory, Fluor ordered on the spot. Follow-up visits to the suppliers' factories will be made by the Fluor procurement team to ensure that they are keeping to the delivery schedules.

One of the problems that Fluor faces in remaining competitive is the high cost of operating from the U.S. Each task force contains a high proportion of personnel with advanced engineering qualifications, for whom salary levels, particularly in California, must be attractive. Although projects do not peak all at the same time, the requirement for skilled people varies considerably from time to time, and Fluor endeavours to keep them on the payroll even if sometimes it means they do not have enough work to do. This is one of the reasons why Fluor has been building up its operations in the UK, where salary levels are a good bit lower.

Fluor is hopeful that the pendulum will swing towards the U.S. over the next few years, enabling it to ease up on the highly competitive international trail for a while. This would be good news for Fluor's order book, and would also bring some respite for the Japanese and European process engineers who will find less pressure from American competition for contracts in other parts of the world. For Fluor, that means work for Fluor Europe, while the U.S. offices will look after their own back yard.

BUSINESS LAW

Merchantable quality—where to draw the line?

BY A. H. HERMANN

CHRISTMAS is over and some of the lovely presents may be starting to give trouble. If they are obviously unfit for the purpose for which they were bought, the legal position, for both the buyer and the supplier is clear: they must be taken back.

The situation is not at all clear, however, if they show a number of small defects which individually could be tolerated, but which taken together make the buyer or the recipient *thoroughly disappointed* and disgusted. The situation appears to have become more confused than ever since the enactment of the Supply of Goods (Implied Terms) Act 1973. Though made for the protection of the consumer, it seems in fact to have weakened his position. This at least was the conclusion of a seminar organised by the Consumers' Association last month, a paper from which has been published.

The study was organised primarily in order to find out how the consumer could be better protected; its results are just as interesting to manufacturers and retailers.

Not only may increased protection of consumers increase the suppliers' liability, but buyers and sellers have a common interest in the clarification of the law, as uncertainty leads to disputes which are costly mainly in terms of time, and sometimes even to litigation, which obviously costs both time and money.

The seminar discussed the misfortunes of Malcolm Summerfield, whose company bought for him a new Reliant Scimitar GTE in July 1977. The company paid the sum of £6,638.27 for it to Charles Follett Ltd. In the course of the first five weeks with the car Mr. Summerfield discovered and reported to Folletts a number of small but irritating defects. Some were merely cosmetic or structural but easily repairable. Others could be removed by the usual mechanical adjustments required for every new car, but some were more serious.

The steering lock did not work properly, there was a small tear in the roof lining, the roof fitted badly, instruments were not properly illuminated, there was no cigar lighter, the windscreen wipers did not work reliably, and there was a knocking noise in the engine when slowing down at low speed.

Finally, on *August 23*, the car broke down and had to be abandoned in the street after having been driven for only 800 miles. Mr. Summerfield lost patience and told Folletts that they should take the car back as it was not of merchantable quality. Folletts did not agree, and the next day, informed him that the vehicle was repaired, and was at his disposal. Thoroughly fed up with the car, as he was, Mr. Summerfield did not want to have it any more. He *turned* to the lawyers for support in his claim that the car was not of merchantable quality and ought to be taken back by the seller.

Defects

None of the lawyers held out any hope that he would succeed in the courts with this claim. The Consumers' Association, interested in the general problem of remedies available to buyers of products which have a great many defects, gave up the idea of financing a test case after receiving further pessimistic advice, and decided instead to invite the views of leading academic lawyers.

Professor Aubrey Diamond, Director of the Institute of Advanced Legal Studies and a former Law Commissioner, said he doubted whether the law gave the buyer the right to reject the car because of its defects, "though I think he ought to have been able to do so." In saying this, he was expressing the general feeling of the seminar. However, in his view, the new statutory definition of merchantability, introduced by the 1973 act, had not made the position of this particular buyer any worse. In his view the case law and statutory definition simply go back to 1829, when merchantability was for the first time equated with fitness for some purpose.

The present statutory definition of the amended Sale of Goods Act 1893 reads: "Goods of any kind are of merchantable quality within the meaning of this Act if they are as fit for the purpose or purposes for which goods of that kind are commonly bought as it is reasonable to expect, having regard to any description applied to them, the price (if relevant) and all the other relevant circumstances. . ."

The Scimitar was obviously deemed fit for its purpose, particularly as it is business custom for the seller of a modern car to repair small defects which appear during the initial period of running in — and it can be argued that this is implied in the contract.

Nevertheless, Professor Diamond thought that the buyer ought to have been able to reject the car because anyone who knew what was to transpire during the first few weeks would not have bought it, or at any rate not at the full price.

In its original Working Paper, the Law Commission proposed that goods should be considered merchantable if a reasonable buyer would have accepted them even if he had full knowledge of their quality and any defects. In late 1978 a Bill to this effect was introduced to Parliament, though it lapsed because of the election. The Lord Chancellor has now referred the whole problem back to the Law Commission.

In so doing, he is calling for not only a better definition of merchantable quality from the point of view of the consumer, but possibly also from the point of view of the buyer who bought goods for resale. The present statutory definition abandons the previous double requirement of saleability and usability. It takes saleability into account only if the goods were bought for sale, but not both conditions concurrently. This leaves unprotected the buyer who bought for his own use an article which, while unsatisfactory, is deemed fit for its normal purpose, although it could be unsaleable without a substantial reduction in price.

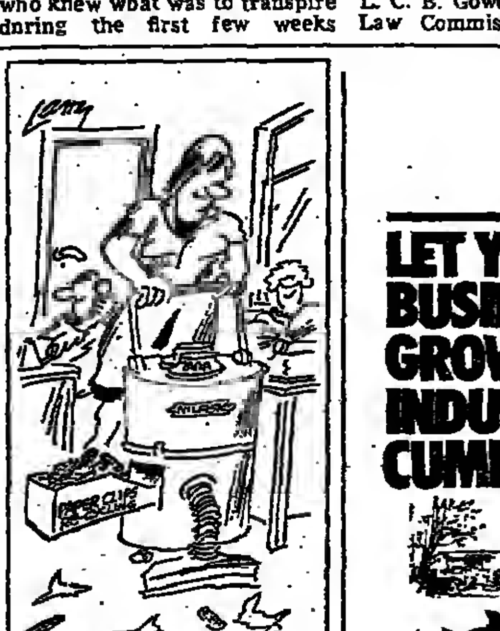
A substitution of the present definition of merchantability by the better, earlier definition of the Law Commission would not help with the other difficulty that exists in English law: if the buyer tries to reject the goods claiming that they are not of a merchantable quality and the court decides against him, he has no claim to damages.

So there seems to be an "all or nothing" situation which is quite unrealistic. As Professor L. C. B. Gower, another former Law Commissioner, suggested, the law should provide for a reduction of price if the goods just have minor defects, and for a right to reject if the defects are serious.

The Scottish law could well serve as a model. It treats shortcomings of goods as a breach of contract entitling the buyer either to reject the goods within a reasonable time or to claim compensation or damages.

At this point the objection may be advanced that most household durables — or one should, perhaps, say semi-durables — are covered by the manufacturer's guarantee. So they are, but the manufacturer may be far away, quite possibly in the far East, and it is no great comfort to hear from the retailer that he will "take it up with the manufacturer," and then to have to wait for months. The regularity with which manufacturers' guarantees are advertised tends to obscure the fact that the retailer has a contractual responsibility for supplying the right goods, whether there is a guarantee or not. The Consumers' Association's campaign is likely to make the public aware of this basic fact.

* "*Merchantable Quality, What Does It Mean?*" Edited by Professor John Macleod, published by Consumers' Association, pp112, £15.



LOMBARD

Taking a long view of gold

BY KENNETH MARSTON

ANY OPINION which is shared by many and is oft repeated tends, in due course, to be regarded as an established fact. Captain Bligh of HMS Bounty, for example, was for a long time regarded as a sadistic tyrant until historians stood back and made unbiased studies.

They then found that he was no more tyrannical than other captains of his time and, it seems, was considerably more enlightened than some of his contemporaries. He was not an ogre after all, at least by the standards of his day.

Can it be that today's popular opinions about the high price of gold also do not stand up to cool appraisal or, indeed, are being based on a wrong premise? In a nutshell, they are that gold is far, far, too high and that its advance—the price has doubled in the past six months alone—has outstripped the pace of inflation.

The base date

But if you are going to measure the advance in the price of gold against that in other commodities it is vital that you take care in choosing the base date. One reason why it is said that there are "lies, damn lies and statistics," is that base dates can be chosen to suit a given argument. It should be the other way about.

For example, when a share price doubles in six months it may appear to be representing a bonanza gain for the holder. However, he will not see it this way if he bought the shares a year previously at a much higher price.

In the case of gold many observers are taking a base date of March, 1968, when the free market was allowed to develop in the metal. At that time bullion was standing at a price of $35 per troy ounce. It did not really take off until the end of 1971 when it was still under $50. Since then it has multiplied in price by no less than 12 times to its present level of $617.

More recently, the advance in the price has accelerated and little wonder that so many of us feel that it has now got quite out of hand. Perhaps it has, but can it be that the 1968-1980 time scale has distorted the picture—that the price of gold has been catching up on a much longer period?

I suggest this because there was no movement permitted at all in the price between 1934 when it was effectively fixed by the U.S. at $35 until 1968 when it was freed. In other words, the 1968 price was really the price ruling in 1934. And prices of other commodities were a good deal higher in 1968 than they were in 1934.

It seems to me, therefore, that when measuring the rise in the price of gold against other goods and commodities we should take 1934 as our base date. On this basis, the price of gold has risen by a multiple of 18. That is relatively modest.

Over the same period the price of silver has soared by an incredible multiple of around 160 while platinum is some 50 times dearer than in 1934. Of the base metals, lead has risen by a multiple of 44, copper by 30, tin by 30 and zinc by 23.

Turning to more homely things, you could have bought a suburban "semi" in 1934 for around £600 and today that house could be worth some £40,000, or 66 times its original cost. A 1934 family saloon car in the semi's garage would set you back in that year about £250 whereas a similar model would cost around 16 times more at £4,000 today.

In terms of 1934 dollars—that is to say, taking out the inflation in the currency by use of the U.S. equivalent of a retail price index—gold has risen in real terms by about 2½ per cent a year since 1934. In ordinary day-to-day inflationary terms which we all have to contend with, it has been outpaced by the other goods and commodities mentioned.

It can be argued that gold was fixed at too high a price in 1934 because prior to this "fixing" it stood at $20.67, to be exact. Even so, this figure still puts gold on a gain multiple of 30, which is not out of line with the other figures.

Is gold wildly expensive? The real answer, as with all intrinsic values, is not provided by statistics or theories. True values in a free market are simply what the other man is prepared to pay.

Going to pot and making the best of it

IN MY garden, there are welcome signs of life. There are flowers already on the hyacinths which were potted up early for an unheated greenhouse.

There are even some flowers on a group of the rare white form of the winter flowering iris. I like this plant for making its home among rubble and poor soil. If you try it, give it a very dry place. If you see the white form for sale buy it at once as it is excellent.

These flowers would be worth close study, if I could bring myself to go down to their corner more often. But the approach lies through a folly of which I would rather not be reminded.

I have ended the year with enough large flower pots to see any garden out until the next century. How fortunate, you might think, but they were acquired in a way which still rankles. I have little time and less hope of filling them all. They sit there and accuse me when empty. If you fancy your shrewdness, commit yourself first on the problem which was facing me before you call me a sucker.

The time was late autumn, the occasion a sale which had been badly advertised. Yet another small nurseryman in Britain had decided that VAT and centimetres were too much for his patience, so he had closed down the business and put the assets up for auction.

There were water butts on wheels and mowers powered by rubber bands. There were enough glass cloches to cover Mr. McGregor's cabbage patch. But there were also flower pots by the hundred, graded in every shape and size. Twenty pots made up a lot. For each shape, there were 100 similar lots, to be auctioned one by one.

Cash buyers made straight for the heaps, scenting a bargain somewhere in the slow progress between lot one and its final lot 100. Enough £10 notes were showing to explain the gap in the year's local GNP. It was like poker played for flower pots: the tension could have split a five-inch clay in two.

At least I know the traps, I thought. I will not persuade myself that I want a 2-inch pot because it is going below the average price. I will avoid any lot whose outer pot is cracked. More detailed inspection of the goods was not allowed. For the rest, I would play a waiting game.

Among the men with greyhounds and the just-marrieds with a new cold greenhouse, there would be nurserymen who did not mind about price and would buy the first lots, then go away. They would set a price which would fall later. The final lots Nos. 95-100, would thus be likely to go for least. I only wanted two. Before you smile, admit to yourself at what point you would have made your own bid.

The results are a witness to sheer human irrationality. If you believe in statistics, spend a Saturday morning selling a long run of similar objects to a crowd and give up your belief in charts.

The first lots opened modestly enough. By lot 15, they had reached a low of £10 for 20. This particular number was picked up by the oldest girl in the audience who stood her ground with a smile. Perhaps, we gardeners thought, she knows something. Thereupon, we all caught fire. When the lots were in the 30s, the price hit £12. Small buyers were panicking, so I told myself, and we reached the 50s at £16-£20.

An onlooker in a sheepskin coat then remarked that pots of such a size would cost at least £2 each in Chelsea. We were all swamped with greed and the price soared straight up to the level of SW3. Twelve-inch flower pots gleamed like an ounce of silver. We were through the £20 barrier in a moment and beginning to think that these old clay models would soon be antiques.

You know the symptoms, I suppose. At first, a professional coolness, allowing the market to find its own level. Then, a smile of contempt for the little man who starts to bid too high. Then, a suspicion that there may be some way to go before the small man has finished burning his fingers. Lastly, the realisation that one is very small oneself, in no position to be left behind: the lots, after all, can always be resold later.

This lethal belief brought us *to a high of £25 which held* throughout the eighties. Not far to go, I thought. Poor fools who are going to bid in the early nineties, £30 or more for them at least. So I felt lucky to grab one lot and hedge my bets on the other among the last three. Sure enough, the price broke.

GARDENS TODAY

BY ROBIN LANE FOX

Throughout all this, there had not been the slightest change in quality.

We entered the nineties at a mere £18 and dropping fast. The same old lady bought another on the way down and we were left with the last four to go. Small minds, it seems, think alike. Half the world had planned to play a waiting game. It was a lucky man, I had to tell myself who made off with the second last lot for £28. They were 12-inch clay flower pots, after all, and they could always be flogged in Chelsea. Never mind if one old girl had timed it right and beaten us all in our pots-herd instinct.

Time causes me to reflect that my 40 large flower pots were not only three times the price they could have been but that they are not going to be filled and planted very easily. You have only to look at pictures of the ideal small garden or read the views of grand garden-owners on how their garden staff makes their garden look so beautiful. We use every inch of space, they tell you, a talent which with me is reserved for nettles. We do not stop when the beds are full. We fill up large pots with seasonal plantings and use them as decoration which is changed three times a year.

In theory, this is an excellent plan. But all these pots have to be watered whenever the weather turns dry. Failure with plants in a tub is almost always a failure of drought. In summer, you cannot even leave the rain to look after them. Forty clay pots will take some watering on those long summer evenings.

Nonetheless, if I lived in a city and had the usual drab paving in my garden, I would go into flower pots and make the best of them. They are far cheaper than a designer or a load of new earth. At this time of year, we all have a chance to fill them beautifully. The next fortnight is the season for stocking them up with lilies for the summer months.

As many of my large pots as possible will be filled with these superb flowers for next year. In a pot, you can use a compost of enriched peat and grow all the sorts of lily which dislike lime in the soil. I have no difficulty with the lovely spotted and reflexed speciosum rubrum variety, even when I water it with alkaline tap water, so long as it stands in a pot of peat *compost*. The lovely variations of lily auratum are just as good. So, too, is spotted citronella strain and the trumpet-flowers of Black Dragon and Black Magic. You can leave all these lilies alone for three years in a pot and not expect them to deteriorate.

De Jagers of Marden, Kent have the usual range of wonderful hybrids in this January's catalogue. I know no better present and can think of nothing more suited to see me over my auction blues. The best lilies are almost all stem-rooting. Deep pots are necessary, as the bulb should be at least six inches below the soil.

These days, you can find wide plastic pots and learn how to water them. But depth is still rare and plastic pots outdoors are easily blown over if the flowers in them are tall.

Perhaps, then, we buyers sensed this all along—that the lots for which we stampeded were pots for the lily—deep, wide and solid. For lilies, of all flowers, the top of the market is a tolerable place at which to have taken the plunge.

Gifford looking for repeat

RACING

BY DOMINIC WIGAN

A YEAR ago Josh Gifford landed Towcester's "Well to Do" Challenge Cup through the odds on Flying Orchid.

It will be interesting to see if the younger Physicist—another previous winner here—can do the trick for the Findon trainer this time.

Physicist, an eight-year-old winner of a novice chase at Plumpton last season before being narrowly beaten by Railway City in a similar race at Fontwell, has yet to make the winner's enclosure this term.

Just two—Coolafancy and Brown Jock—face the Sussex eight-year-old on this occasion. Many will, doubtless, anticipate victory for Tim Forster's Coolafancy. Forster trained *Well to Do*—whose owner, John Sumner, has presented a trophy for the winning owner of today's race honouring the Aintree hero owned by his late wife—and clearly fancies his charge.

Fred Winter, whose Uplands team has had mixed fortunes in recent weeks, returns Benson to the fray in Division I of the Longwater Novices' Hurdle.

A disappointment on his initial two runs, Benson came good in no uncertain style at Folkestone just before Christmas, putting three lengths between himself and Documentary in the closing stages of a division of the No Silver Novices' Hurdle.

Benson will clearly have gained confidence from that fluent victory, but it seems doubtful if he is capable of conceding the best part of a stone to Tuareg, a close fourth in the other division of that Folkestone hurdle.

Punters looking for the safest bet on the card may be best advised to wait for the closing event, Division two of the Longwater Hurdle. Here, Peter Cundell brings back that highly promising seven-year-old, Woodford Prince.

TOWCESTER
1.00—Super Chant
1.30—Tuareg ***
2.00—Physicist *
2.30—Collier De Perles
3.00—Vaubezon
3.30—Woodford Prince **

CARLISLE
12.45—Heronford
1.15—Relkotime
1.45—Gone Out
2.15—Villa Mill
2.45—Cleo's Asp
3.15—Lime House

TV Radio

† Indicates programme in black and white

BBC 1

12.45 am News. 1.00 Pebble Mill at One. 1.45 Playboard. 3.25 Children's Wardrobe. 3.53 Regional News for England (except London). 3.55 Play School. *4.20 Pixie and Dixie.* 4.25 Jackanory. 4.40 Take Heart. 5.00 John Craven's Newsround. 5.10 Our John Willie.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 Women in White (part 1).
8.25 Fawlty Towers.
9.00 News.
9.25 War School.
9.55 Sportsnight.
11.00 News Headlines.
11.02 Parkinson with guests.
12.02 am Weather / Regional News.

All Regions as BBC-1 except as follows:—

Wales—5.10-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.10 Are You Being Served? 7.35-8.25 The Rockford Files. 12.02 am News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 12.02 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene around Six. 12.02 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.20 am Gharbar. 11.00 Play School. †5.40 pm Flash Gordon Conquers the Universe.
6.00 Newsround Africa.
6.30 Cricket: England v. West Indies (highlights).
7.00 Mr. Smith's Indoor Garden.
7.25 Mid-Evening News.
7.35 Russian—Language and People.
8.25 Midweek Musical: "West Side Story," starring Natalie Wood, Rita Moreno and George Chakiris.
10.50 Los Largos (The Big Ones) portrait of children who live on the streets of Bogota, South America.
11.35 Late News.
11.50 Closedown.

LONDON

9.30 am Cartoon Time. 9.55 To The Wild Country. 10.45 Rocket Robin Hood. 11.05 Fantasy Island. 11.55 The Bubblies. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 The Outsiders. 3.45 Hobson's Choice. 4.15 The Sooty Show. 4.45 The Book Tower. 5.15 Mr. and Mrs.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 London Night Out.
9.00 The Dick Francis Thriller.
10.00 News.
10.30 Arrivederci Grimethorpe.
11.15 Casino de Paris.
12.15 am Close: Richard Briers reads from "Hi!" by Norman Habel.

All IBA Regions as London except at the following times:—

ANGLIA

ATV

BORDER

6.00 Lookaround Wednesday. Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's-On Where and Weather. ... The Electric Theatre Show. 3.15 ... Go-Round. 5.00 Report at Six. ... Channel Late News. 12.10 am ... followed by News and Weather in French.

GRAMPIAN

8.25 a.m. First Thing. 9.30 ... Theatre. 10.20 TV Movie: ... Hour to Doomsday," starring ... Whitman. 11.55 Animal Alphabet ... pm North News Headlines. 2.45 ... Party. 3.15 Money-Go-Round ... North Tonight and Area Weather forecast. 11.15 Tropic. 11.45 Re... 11.50 Police Surgeon. 12.15 am ... Late Night Headlines.

GRANADA

9.30 am Sesame Street. 10.25 ... 11.10 Look at Life. 11.20 Clapp... 11.45 The Magic Ball. ... Granada Reports. 2.00 Live from ... 2.45 Money-Go-Round. 3.15 The Wild World of Animals. 5.10 ... Your Right. 5.15 Crossroads ... Granada Reports. 6.30 Happy ... 11.15 Tropic. 11.45 George ... IV.

HTV

9.45 am Kum Kum. 10.10 The Wild World of Animals. 10... Lost Islands. 11.00 From ... Moon. 11.50 Larry the Lamb ... town. 1.20 Report West He... 2.45 Family. 5.15 Cartoontime ... Crossroads. 6.00 Report West ... Three Little Words. 11.15 ... Legrand and Friends.

HTV Cymru/Wales—As HTV General Service except:—1.20 pm Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.45-5.15 Nia Nhw. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	200kHz/1500m & 92.95vhf	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	1215kHz/247m & 90-92.5vhf stereo	Capital Radio: 1548kHz, 194m & 95.8vhf London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(s) Stereophonic broadcast
‡ Medium wave

RADIO 2

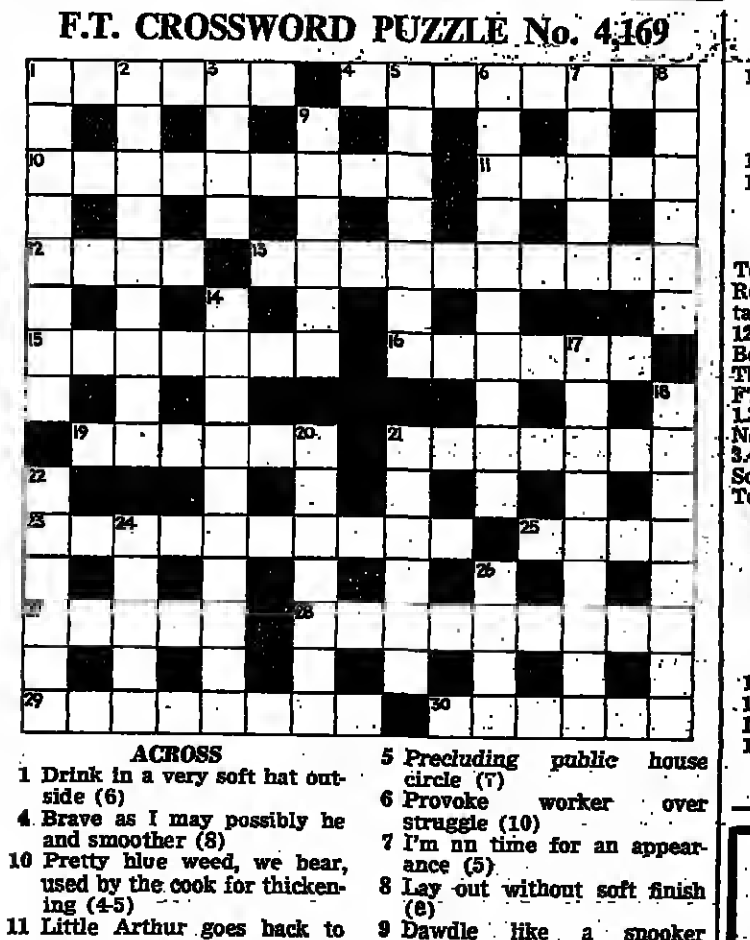
RADIO 3

RADIO 4

BBC Radio London

Capital Radio

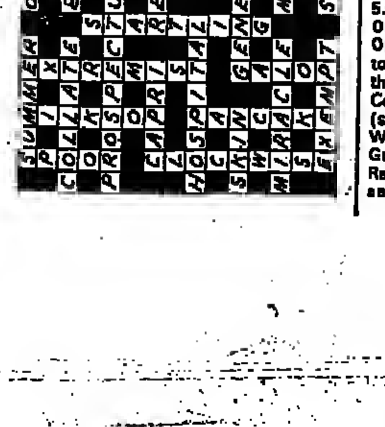
F.T. CROSSWORD PUZZLE No. 4,169



ACROSS
1 Drink in a very soft hat outside (6)
4 Brave as I may possibly be and smoother (8)
10 Pretty blue weed, we bear, used by the cook for thickening (4-5)
11 Little Arthur goes back to the politician for a walk (5)
12 What the landlord calls is what the criminal does (4)
13 Tie up money in a vegetable product (6-4)
15 Understand hesitation in baseball player (7)
16 Sex information given to the German (6)
19 One who cuts the fruit right (6)
21 There is a stigma about us to support (7)
23 Jester in place of crockery (3-7)
25 Company work in prison (4)
27 Does it benefit to be sick about Virginia? Yes! (5)
28 Two groups of soldiers go to ground; it's elemental (4, 5)
29 Renegade upsetting red steer (8)
30 Believe in sale on trust (6)

DOWN
1 Signal for credit on food (4-4)
2 Constant or variable mathematical quantity equal to a metre converted (9)
3 Learner frequently seen in upper room (4)
5 *Precluding public house circle* (7)
6 Provoke worker over struggle (10)
7 I'm on time for an appearance (5)
8 Lay out without soft finish (6)
9 Dawdle like a snooker player? (6)
14 Minister with opportunity to turn up (10)
17 Fascinated by a rude omen for a change (9)
18 Sudden cold spell's getting very warm in picture (8)
20 Change reserve in defeat (7)
21 Dry river must be safe (6)
22 Good man with money on the seashore (6)
24 Collect for a religious service (5)
26 Animal to tolerate (4)

Solution to Puzzle No. 4,168



THE ARTS

Television

BBC 2 stains its reputation

by CHRIS DUNKLEY

At the very moment that Russian jackboots were kicking their way down the Khyber Pass last week, BBC-2 was showing us a smirking official in Leningrad's Hermitage museum saying how much better it was to have cultural exchanges between countries than international hostility.

In just (I say "just" though it seemed endless) one-and-a-half hours of meretricious tawdry on January 3, BBC-2 sullied its reputation for being the channel with the strongest civilised and civilising conscience, and the stain will take a long time to eradicate.

Had the programme been in the great tradition of BBC arts programmes stretching from *Monitor* to last week's *John Everett Millais* by way of *Civilisation* then one would simply have brushed aside the broadcasting of the official's words as being unlucky timing for something which was filmed months previously. But then of course if the programme had been in that great tradition the official's words would not have been there.

Their inclusion was just one of innumerable bits of evidence that *Peter Ustinov and Natalie Wood At The Hermitage* was a shameless alliance designed to promote the interests of the Russian tourist industry on the one hand and various Western television interests on the other—most of them (NBC, Lothar Bock Associates Munich) commercial, though Humphrey Burton, head of the BBC's Music and Arts Department, was ill advised enough to allow his name to be associated with it too.

The best that can be said for the programme is that it made little pretence about its intentions: the title clearly indicated that the famous chat show guest and the famous film star would come first and the Hermitage (pretentiously pronounced "Hair-mit-arge" throughout, although "Paris" and "Moskva" were rendered in English) and all that it contained would run a very poor second. Sure enough shot after shot was lit and photographed to favour a dizzying exhibition of La Wood's frocks and an even more confusing succession of her hair-styles.

Ustinov did his usual "funny fooreigner" voices and talked tediously about "thee" committee, "thee" spirit of the place, "thee" richest genius, "thee" Winter Palace, "thee" contemporary Russian, and so on, as the camera peered up, down and sideways at his beard. Occasionally a painting or two would appear, fuzzily out of focus, over a Wood or a Ustinov shoulder. Then they would give us a laundry list:—

Ustinov: "Six Monet . . . 31 Picassos."

Wood: "And 27 Matisses."

The programme reduced fine art to television's favoured level, turning it into *Pro-Celebrity Culture*, though unfortunately with very little Pro, precious little Culture, and too much Celebrity. The only other thing to be said for it is that it made a slight change to have a really dreadful arts/travel/celebrity programme in the first week of a new decade which was otherwise notable mainly for large quantities of mediocre drama.

As we have come to expect over the years, news and current affairs coverage (the latter already unusually thin, especially at the BBC) became almost invisible during Saturnalia as BBC and ITV heaved old movies at one another in an all-in wrestling version of the ratings battle with the competitors choosing to push their grandmothers-in-law into the contest rather than compete themselves.

To his great credit channel controller Bill Cotton postponed a winter sports programme on BBC1 to make way for a special *Panorama* about Afghanistan. "Special" meant hurriedly prepared and somewhat chaotic, yet this single programme certainly did its job in shifting a lot of information fast to the public on a subject which had suddenly become news.

London Weekend's *Islam* was just the opposite: a meticulously prepared and well illustrated lesson on the background to recent events in Iran, bringing in relevant aspects of Pakistan and Egypt, but containing not a word about the position of Islam in Afghanistan. It looked suspiciously like a programme which had been delayed by the ITV strike.

Among the other factual programmes the week's best was Brian Walden's interview with Mrs. Thatcher on *Weekend World*, though the direction left something to be desired, not least for the failure to remove two porcelain figures from behind the Prime Minister's left ear where they looked like perpetually hovering butlers.

For sheer quantity, however, the week did belong to drama. Anyone who remembers watching *The Aphrodite Inheritance* and *Running Blind* in January, 1979 with their interchangeable plots concerning an Englishman chasing various European bad guys down the sunlit coast roads of out-of-season foreign tourist areas will have looked with incredulity at the first episode of *The Assassination Run* on BBC 1. *Running Blind* opened with Our Hero being lured away from his rural idyll somewhere in deepest Britain by ruthless men who kidnapped his girl friend to force him to revive his skills as a secret service killer and work for them somewhere abroad with picturesque mountains in the background.

Last week *The Assassination Run* opened with Our Hero being lured away from his rural idyll in the Scottish highlands by a ruthless offshoot of the Baader Meinhof gang who kidnapped his wife (subtle that) to force him to revive his skills as a secret service killer and work for them in southern Spain with the picturesque Betic Mountains in the background. Checking to see whether BBC Scotland credit the scripts to some slot machine in Queen Margaret Drive you discover that although *Running Blind* was taken from a book by Desmond Bagley it was dramatised by Jack Gerson. This year for *The Assassination Run* Bob McIntosh, who produced both serials, has dispensed with Bagley and left the whole thing to Gerson.

ITV's *Beggarman Thief* is little better. Confusingly it is not a sequel to *Tinker Tailor* but to *Rich Man Poor Man*, imported from America and following the fortunes of the Jordache family who have been caught up in the ruthless activities of an offshoot of the Baader Meinhof gang. . . . As the days pass the feeling grows stronger than television serials are now being turned out by a committee of computers.

Beggarman Thief is thick with lines such as "I was 16 before I realised that everyone didn't wake up to the smell of Cinnamon buns and in dread of their baker father," which no living human would actually say.

The other new American serial, BBC-2's *Blind Ambition* is—astonishingly—absolutely gripping. The surprise is that the subject of Watergate should still have such compelling power yet here, in the version according to John and Maureen Dean, it certainly has.

ITV brought us uninspired versions of two West End successes: *Gloo Joo* from London Weekend and *Donkey's Years* from ATV, both proving that television has nothing to replace the living conspiracy between audience and cast which is so often at the heart of theatre and which is always lost in the transfer from stage to studio.

Much more successful was Donald Churchill's play written for television, *Alice Trying*, in a series called "Heartland" for ATV. Concerned not with the macrocosm but (as with so many successful TV plays) the microcosm—the sexual awakening of one nervy spinster—it used charm and wit on a subject which television all too often either ignores or loads with heavy significance.

The Shillingbury Blowers, also on ITV, told with nauseating sentimentality the story of a village band which *could* play properly but only managed to serve its purpose as a friendship society when playing badly. If "Inner Circle Films" who were credited with this excessively long production are one of the much vaunted independent companies who are clamouring to fill Channel 4 then we should all be campaigning to keep them off.

The BBC's two one-off plays were much better, though both flawed. *Chance of A Lifetime* looked at the family events surrounding the death of an English soldier in Ireland and seemed (most unusually for the BBC) to need script editing to rid it of irrelevences and strengthen character. *The Black Stuff*, about a tarmac gang "doing a foreigner" to line their own pockets, was rich in closely observed character but unfortunately bloody and violent at the end where gentleness and humour would have served better.

Margaret Thatcher and Brian Walden

Riverside

Nice

by MICHAEL COVENEY

Norman Beaton

Last weekend, Norman Beaton gave two performances of this 1973 short solo piece by Mustapha Matura and repeats the dosage for the next two Saturdays and Sundays at 5 pm. It is the tale of a West Indian immigrant who makes the fatal mistake of being nice to everyone from the moment he steps foot in the customs hall. The monologue unravels as a series of interconnected anecdotes and, as such, is full of Mr. Matura's customary wit, good humour and ear for idiosyncratic speech patterns.

Mr. Beaton is discovered emptying ash trays in what appears to be a deserted canteen. He polishes chairs, sweeps up cigarette butts, inveigles himself into our sympathy and finally slaps down his own reputation as a sly survivor by revealing what nature of institution he is cleaning. This comes a bit suddenly, especially the incident which led to him not being nice to somebody. But, on the way, we meet a likeable, opportunistic womaniser on the make, splendidly comic when he casually confides how he went out one day to buy a house round the corner for his mother, lover and four children back home.

The lilting, extended narrative line is beautifully sustained by Norman Beaton, the third actor, and easily the best, I have seen perform the play. Mr. Beaton, recently seen on television in Empire Road, is an artist of winning charm and great skill. He has that priceless gift of knowing exactly when to change pace and, like all obviously accomplished comics, is never merely superficial. It would be nice to see him stretched, in fact, in the opposite direction.

Wigmore Hall

Paul Roberts

by ANDREW CLEMENTS

Paul Roberts is an extremely interesting young pianist, a product of York University and the Royal Academy of Music, and a member of the Duke Piano Trio. He is at present carrying out research at York into Debussy's piano music, and his Wigmore Hall recital on Monday focused naturally on Debussy—*Pour le Piano*, a group of five preludes, the second book of *Images* and two novelties, pieces dating from 1894 and discovered among the papers of Alfred Cortot. Originally intended as a set of three (the third became the "Sarabande" of *Pour le Piano*) the two *Images oubliées* do not reveal much that is new about their composer in the 1890s, save that the second reworks a children's song in a way that looks forward to the world of *Children's Corner*.

Mr. Roberts plays his favourite composer very well indeed. His technique is completely secure and the sound he makes clean and crystalline; his is a way of playing Debussy that does attempt the iridescence of a Richter, not the unreal polish of a Michelangeli. It is simple and unaffected, every nuance a gentle inflection. At moments the approach was a little too detached: *Les collines d'Anacapri* could have sparkled more, turned a deserted landscape into something more vital; the "Sarabande" of *Pour le Piano* need not have been taken so literally. Yet *Canope* was a marvellous reconstruction of a neglected prelude, admirably ignoring the temptation to produce washes of undifferentiated "impressionist" sound; *Poissons d'Or* began rather loudly but settled into an impressive display of keyboard control.

The rest of the programme was made up with Janacek's Sonata *I.X.1905*, inhabiting a similar world of feeling to some of the Debussy and played well enough to hope that Mr. Roberts will add the later, greater sets of piano pieces to his repertoire, and Schubert's three *Klavierstücke* Op. posth. to begin the evening. In retrospect one wishes that the Schubert had been replaced by more Debussy or Janacek; the Schubert lacked poise and interesting ideas—in his chosen corner of the piano literature Mr. Roberts does not want for either of those.

Purcell Room

PLG Young Artists

by MAX LOPPERT

The Park Lane Group's annual series of young performers and 20th Century music was launched on Monday by a violin duo and by a piano-accompanied contralto. (The range of the 1980 series seems perceptibly broadened in two ways: in selection of performers—a saxophone quartet and a piano duo are also added to the roster of solo instrumentalists and singers—and in choice of musical repertory, which is this year an admirable mixture of British and international works.) People who have never attended one of these PLG recitals may wonder why each year they excite such a degree of critical approval. The reason is not just because they are a Good Thing, but because they are genuinely enjoyable, and in a particular way: the sight and sound of new and, at the very least, capable young musicians tackling with flair and enthusiasm a wide assortment of musical styles, proves peculiarly heartening.

Monday's programme, containing eight works, was a full one of much interest; to give in a short space a complete account of the performers and all the music played is an impossible task. The violin duo of Elisabeth Perry and Alexander Balanescu—they call themselves One Plus One; and Miss Perry is an equal adept of the viola—began with the Prokofiev two-violin Sonata Op. 56, and went on to tackle Douglas Young (*Sliere League* for violin and viola), Christian Wolff (*Rock About* for violin and viola), and the third two-violin sonata of Henk Badings.

After a rather loose start—Prokofiev needs consistently surer tuning and rhythmic patterns more sharply cut—this was revealed as a cogent, well-mettled team, quick to discover and face the particular challenge of each piece. The Young borrows its substance from Irish traditional music, the Wolff quotes freely from an American Civil War song; the result in both cases, is at once boldly colourful and a stimulus to virtuoso technique. The effect of the Badings sonata, one of the Dutch composer's experiments in 31-tone temperament, was a good deal milder and more diffuse; but even here one could admire the prompt attack of the players, their clarity and precision of style.

The full-toned contralto was Susan Tyrrell, the accomplished pianist David Owen Norris. Instead of devoting the remainder of this notice in praise of Elisabeth Lutyens' passionate and beautiful new short song-cycle, *That Sun*, on Flaubert texts, I must simply note how firm and free of spread the voice remained across its wide intervals and eloquent downward-curving figurations, how surely Miss Tyrrell managed its masterly transitions between lyrical and declamatory expression. The *Hölderlin Fragmente* of Wolfgang Rihm (b. 1952) in a wholly individual vein of neo-expressionism, were no less surely given: and so it was a surprise to find the singer broadening her approach to three Britten-transcribed French folk songs—verbal delivery was enthusiastic but generalised, soft markings went unheeded. In Gordon Crosse's *The New World*—Crosse is the "composer in residence" of the 1980 series—there was a similar impression of excessively broad vocal delineation; the Coplandesque sonorities of the piano were very brightly achieved.

Aston Arts Centre

The Universe (Simplified)

by MICHAEL COVENEY

The worst thing about this farrago of self-regarding, self-indulgent and totally pretentious codswallop—and that is putting it mildly—was the appalling realisation that settled about my ears after precisely two minutes that the title, like the show, is offered *seriously*. Performance art, or at least that brand of imagistic theatre that sprung up on the fringe twelve years ago in the wake of the People Show, is in something of a subsidised rut at the moment. Lumière and Son are as dreadful as they ever were; the Welfare State claims to attract thousands of people to their bonfires in Burnley although I find that as hard to believe as all the rest of their heavily embossed publicity (and so what, anyway, if *thousands of people do* go and watch a bonfire?); and the progenitors of the whole shebang, the People Show, maintain standards and excellence without, alas, making much of an impression on the theatre.

I.O.U., like all the rest of the groups, could do with exposing themselves to real audiences, perhaps through work on a classic script. There were about twenty of us to see them in the Aston Arts Centre, Birmingham, on Monday night—a large assembly by their standards, I was assured. While a bearded weirdo in a woolly hat pumped out a one-fingered anthem on a grand piano, someone up in the gantry painted a white bird on the ceiling while two other heads emerged from the gloom blowing trumpets.

You want more? A girl in a primitive costume—I think someone has told *I.O.U.* about the worst group of the lot, the Odin Teatret of Denmark who also go in for sentimental rubbish about natives and primeval whatnot—makes a little fire. Another washes out a shirt. A boy pulls on a caravan in which sits a ventriloquist's dummy. He dresses the dummy and pushes him through the caravan's skyline to witness the cross-stage progress of a gargoyle on a stick. Four serfs write on their aprons. Water gushes down from the flies to obliterate the literate. One of the girls puts her feet in white powder and takes half an hour to crawl through a little door in a cave while the pianist (another pianist, not the one in the woolly hat) sings yet another maudlin and laughable song which boasts the imperishable lyric "I am dreaming, I am dreamless and taste of saliva."

The extraordinary thing is that not one of the 20 people in the audience left or even curled up in a ball and rolled slowly under his seat in a state of incurable mirth. I snorted in rage and just put the whole thing down to experience. After 80 minutes, the caravan becomes a war machine and the landscape is transformed into a scene of battle. The pianist who, I suddenly noticed, had bare feet, sang: "Save me a last bite of gristle, save *me some fat for the* lamp. What if we should fail?" Screw your courage to the sticking post, mate, and you'll not fail. I give up.

Broadway

Teibele and her demon

by FRANK LIPSIUS

Teibele and her Demon was originally one of Isaac Bashevis Singer's charming short stories that are populated with demons and take place in rural nineteenth century communities of superstitious Polish Jews. As translated to the stage by the Nobel Laureate and his collaborator, playwright Eve Friedman, the change causes some confusion and raises unfortunate questions of practicalities, rather as though the Russian painter Marc Chagall were brought before the Soviet Academy of Sciences to explain how the superstitious rural Russian Jews he paints actually defy gravity.

Similarly, in the story the reader does not worry about what the young man does during the day before spending the night impersonating a demon to seduce the lovely young Teibele, played by Laura Esterman. In order to have the tension that comprises plots, the young man of the play is as repulsive to Teibele in the daylight as he is attractive at night. He can never easily pass from demon to human form (and thereby marry Teibele) without the difficulties that make up the greater part of the play.

To keep the deception alive, the half light of the Polish night turns into the half light of day. Desmond Heeley's set looks more like a campfire site with a mansard roof than a Polish shtetl, though the characters, who include a rabbi (Stefan Schnabel) and other pious sorts, do look appropriately shabby and forbidding. Singer's demon cavorts easily enough on stage but makes for some awkwardness in dealing with the sketchy and formulaic image of peasant life in Poland.

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Steel and the Government

WITH THE breakdown of talks in the steel industry, and no resumption in sight, there is now a clear danger that the dispute will develop into a confrontation between the trade union movement as a whole and the Government over the issue as it has been presented on the trade union side — a battle of wills over cash limits. Stated in these terms, it is the Government's own credibility which is at stake.

However, neither the Prime Minister nor any other member of the Government has so far shown the slightest wish to express the conflict in this way. The issue has been presented not as a political one — who governs Britain? — but as a straightforward question of how wages are to be earned. In these terms, any solution must be sought in the problems now confronting the steel industry.

Productivity deals

The history of the dispute shows failure on both sides. In the past, national negotiations for higher productivity have produced agreements, but very little in the way of productive results. The long history of phooey productivity deals during periods of official incomes policy provides the background, but the unions must accept their share of the blame for a situation in which the BSC management is reluctant to talk productivity nationally.

However, the management has itself approached a dangerous situation in a clumsy way. There has been far too little effort to discuss the industry's problems exhaustively with the unions, and still less to explain them directly to the shopfloor, in the manner which has won broad consent to harsh proposals in British Leyland. On the contrary, the constant downward revision of over-optimistic plans for production and sales has made management's analysis suspect.

Share rewards

Meanwhile, and perhaps inevitably, the wage negotiation has introduced a new and difficult issue into an already difficult situation. The BSC's initial offer effectively tried to leave the whole of the present wage round to local rather than national negotiations. This is naturally seen by the union hierarchy as a threat to its national functions. The unions have won shop floor backing because workers in some plants see little hope of an opportunity to earn increases through efficiency.

This alone should not become an issue worth a national strike; it is surely inevitable that in any productivity deal there must be some formula to share the rewards between those who achieve higher output and those who through their function or the nature of the plant in which they work, cannot contribute. It was essentially on this issue that Mr. Len Murray was trying to achieve some compromise.

However, a formula is meaningless until some numbers are put into it, and here again the specific problems of the steel industry suggest that the cash limit on borrowing is only one of the factors determining the numbers. First, as everyone is aware, there is the question of coal costs. The BSC expects to burn up to 5½m tons of British coking coal this year. Since imported coal is some £10 a ton cheaper, this amounts to a subsidy of the order of £50m to the National Coal Board.

Equally, in a declining market, productivity is an issue which could readily involve the Government, for in 1980 this does not imply higher output, but is a euphemism for shedding labour. The large redundancies already proposed by the BSC are essentially aimed to reduce capacity, and any productivity gain through concentration in efficient plants is incidental. Improved productivity in plants which are to continue operating is likely to involve further redundancies and redundancy payments—payments which are essentially an investment in efficiency. While the Government is right to resist demands simply to subsidise a "living wage," new plans involving new investment make a legitimate case for reviewing financial provisions.

Bitter dispute

The fact is that we now face a potentially long and bitter dispute, in which the steel workers will be supported enthusiastically by such workers as the railwaymen, who face their own battles over pay within Government financial constraints. The Government, however reluctant it may be to get involved in bargaining, will be seen both by the strikers and by the public as a participant in the dispute. The issue is not so much whether the Government can avoid getting involved as whether it can contribute to a solution in ways which are consistent with the sound basic principles it preaches. There do seem to be possibilities worth exploring.

New rules for world trade

THE WORLD has changed a very great deal since the Tokyo Round of trade negotiations was launched in September 1973, on the eve of the first oil crisis. Indeed, as M. Olivier Long, the GATT director general, has pointed out, that was the last possible moment to embark on such an ambitious new attempt to liberalise world trade. The six years of arduous negotiations that followed took place against a background of rising oil prices, balance of payments difficulties, monetary upheaval, inflation, unemployment and partial relapses into protectionism. At times, there were fears that the talks might break down altogether. That they ended in agreement is in itself no mean achievement.

Imperfect

The new codes of conduct that have come into force with the New Year are not perfect. There is not going to be the great surge forward towards ever freer world trade that many had hoped for in the autumn of 1973. The vast nexus of protectionist measures surrounding trade in agriculture has hardly been tackled, and the developing countries are far from happy with the way they feel the industrialised world has consistently neglected their interests. There is a general feeling that some of the new rules themselves have a slight whiff of protectionism—in the interests of "fair" as opposed to "free" trade—though their main aim is to contain it. But it is better to have imperfect rules than no rules at all.

The rules are likely to come under strong pressure in the chill economic climate of the 1980s. For the moment, the tide of protectionism is running less strongly than it was two years ago, but it has only receded. The coming decade is likely to see an aggressive search for new markets by the industrialised countries as their domestic growth rates sag, accompanied by as much protection against imports as they can get away with. Some trade experts fear that the new rules will not be able to withstand the pressure.

One of the advantages of the new rules should be to help international traders to know where they stand, so that they can plan ahead. Reasonably clear guidance can be found in the rather modest eight-year tariff cutting schedule that also started on January 1 (although the EEC has reserved the right to review it after five years). But in the non-tariff sector, it is not yet very clear how many of the codes will work out in practice, and there are even doubts as to their legal status within the GATT. Very few developing countries have even signed the codes, the majority feeling that they are irrelevant to their needs.

A major disappointment for the developing countries—and a further source of uncertainty—has been the failure to reach agreement on a new safeguards procedure, although talks are continuing. If no new rules can be worked out, there is likely to be friction over interpretation of the existing GATT provisions and an ever increasing number of import limitation agreements concluded outside the GATT.

The hope had been to bring such practices back under the GATT umbrella, where a closer eye can be kept on them.

Good omen

Disgruntled though they may be, the developing countries are being inexorably drawn into the negotiating process. This, indeed, has been one of the Round's most positive features. Some, like Brazil, are beginning to accept that, as they industrialise, they must shed some of the privileges they acquired when they were poorer. That is a good omen for future relations in a world in which everyone is coming more and more to rely on one another. The rich countries will, ultimately be forced to close their markets if the newly industrialised countries do not see this point. The other side of the coin is that the richer countries must help the poorer to develop. In the quest for new markets, it is in their own interests to do so.

Gas supply: industry looks for a more stable future

By MAURICE SAMUELSON and SUE CAMERON

IT IS JUST as well that New Year's Day was a public holiday since factories in various parts of the country had their gas cut off because of the heavy demand during the very cold weather. The cuts, which occurred in seven of the 12 British Gas Corporation's regions, continued on the next day and could be repeated as the winter progresses.

However, those affected have no cause for complaint since they are among the 700 companies which buy gas at below the regular industrial tariff on the understanding that their supply will be interrupted if British Gas has difficulty in supplying the rest of the country. The cuts will not be averted even if this winter proves to be considerably milder than last year. The only mitigating factor is the steel strike, which is hitting demand for gas.

As much as a third of the gas supplied to British industry is covered by interruptible contracts and goes to a wide range of companies. They mostly use it to fire large steam raising plant. Typical contracts permit maximum interruptions lasting 60 or 70 days. Some are longer, depending on what British Gas calls "priority of use and local circumstances."

Alternative stocks

The contract entitles customers to a minimum period of warning, which can be as little as 12 hours, during which they can switch to oil or gas oil to fire their plant. With last winter fresh in their minds, most customers have laid in larger stocks of alternative fuel than usual. However, because oil is not always easily available, either because of problems in the Middle East or industrial unrest at home, many customers have growing doubts about the advantages of interruptible contracts. Even if they can obtain larger oil stocks, many companies will have to increase their storage capacity.

For these reasons, according to Mr. Henry Stephens, chief energy expert at the Confederation of British Industry, it is now widely recognised that "the days of the interruptible consumers are numbered" and that companies have to look for alternative permanent fuel arrangements.

That is the mood among some of the industries most reliant upon gas. Members of the National Federation of Clay Industries make materials for furnace linings, as well as bricks, tiles and drainage pipes. *Half* their fuel is natural gas and nearly all the rest is liquefied petroleum gas (LPG). Two-thirds of the industry's natural gas is obtained on interruptible contracts.

Fears of not having alternative LPG stocks available were strengthened before Christmas by a tanker drivers' strike which, within days, caused three small factories to stop work.

The industry coped effectively last winter and, if LPG is available, expects to do so again this time. The federation's main anxieties are therefore about next winter. It says that consumers for whom gas is not essential should switch to solid fuel and leave the gas to those which have no real alternative. It also complains that UK gas prices are higher than in most other EEC countries. Since the price of gas is based on that of *fuel oil*, the Federation wants oil prices to be cut. It believes this could be done by removing the excise duty from the UK fuel oil price and making fuel oil subject to VAT as on the Continent.

The chemical industry, which used 44 per cent of all the gas supplied to British industry in the financial year ending in 1979, also wants its supplies to be given higher priority by British Gas. It accounted for 17 per cent of the Corporation's total sales over the same period, yet it is crying out for more.

The Chemical Industries Association argues that it is one of the Corporation's biggest customers and that much of the gas it buys is put to a prime use as feedstock. In the last financial year some 50 per cent of the 2.714bn therms of gas bought by chemical companies was used as a raw material in the production of fertilisers and other high tonnage chemicals.

The tightening of world oil supplies and the dramatic rises in the price of crude that followed the revolution in Iran last year brought a sudden increase in demand for gas from both domestic and industrial consumers in the UK. Gas was not only far cheaper than oil and oil products—it also offered security of supply. But British Gas could not meet the upsurge in demand and firmly said so. It was this that triggered off the *Chemical Industries Association's* attack on the Corporation last summer.

Chemical companies feared that newly-built plants could end up lying idle because of the Corporation's refusal to take on new customers. Many were also worried about having their existing supplies cut off temporarily under the terms of their interruptible contracts. Last winter, when demand soared, a number of chemical concerns duly had their supplies interrupted.

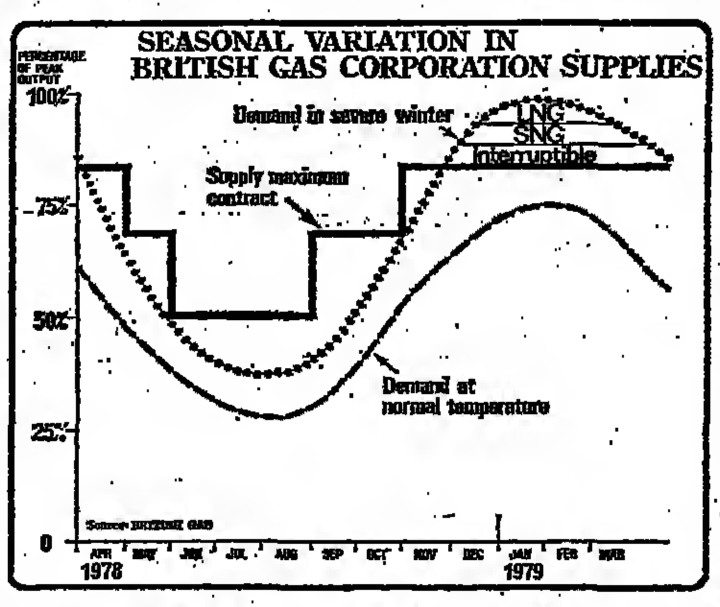
Mr. David Howell, Secretary of State for Energy: in the background controversy looms over the price industry pays for Britain's North Sea gas.

The CIA has now had discussions with British Gas on the difficulties facing some of its member companies and it appears to be taking a slightly less aggressive line. It seems to have accepted that the Corporation cannot supply what it does not have and that there is not going to be a substantial amount of extra gas coming into the system until 1984 at the earliest.

British Gas, in turn, now says that it will do its best to honour "moral commitments" to new chemical industry customers. A company that started building a new plant before last year's dramatic increase in demand for gas and which made it plain that it intended to use gas as a fuel or a feedstock, should still be able to obtain a supply contract.

But there are degrees of moral commitment and the Corporation is bound to take into consideration the importance of gas supplies to a particular plant. Sterling Organics wanted to use gas, mainly for space heating, at the extension it has built to its pharmaceuticals plant; the Swiss-based Roche group also hoped to power its new vitamin C plant at Dalry in Ayrshire with gas. Both companies have been refused supply contracts by the Corporation.

The CIA says it has been told by British Gas that cuts to supplies under interruptible contracts should be no greater than they were last year when many companies were cut off for around 35 days, in total. But the CIA points out that new gas contracts now allow the Corporation to cut off interruptible contract customers for up to 90 days.



How British Gas maintains contract supplies during the winter months of peak demand. It has three options: it can draw on its store of manufactured substitute natural gas (SNG); it can use liquefied natural gas from Algeria (LNG); it can reduce its output to those supplied under interruptible contracts and switch the gas to those paying for firm supply contracts.

Interruptions to supply can cause havoc to companies that cannot switch to an alternative fuel. UKF, which uses gas as a feedstock for the production of fertiliser, reckons that the cost of its supplies being interrupted on one occasion last year was around £100,000—and the company had its gas cut off several times last winter. It can be argued that customers are well aware of the risks involved—and of the benefits in terms of costs —when they sign an interruptible contract. Companies like UKF, therefore, have no real cause for complaint. But it stresses that since British Gas would not give it firm supplies it had no option but to take an interruptible contract.

The net result of these uncertainties over gas supplies is that while chemical companies may be showing greater understanding of the Corporation's position, they are still far from happy about it. Later this month, the CIA plans to put a number of proposals for improving the present state of affairs to Mr. David Howell, the Energy Secretary. The association says it would be premature to give details of the proposals now but it is thought that some of them may well follow the lines of suggestions made last summer when the industry began to lobby over gas supplies. At the time there was a call for some modification of British Gas' statutory duties towards domestic consumers—at present the Corporation has to supply anyone within 25 yards of a gas main with up to 25,000 therms of gas a year. The CIA is known to feel that regulations like this penalise industry while favouring householders. It is therefore likely to propose some reduction of the privileges accorded to domestic consumers so that industry can have a fairer slice of the supply cake.

Increases in pipeline

The association may also make suggestions for revising the price of gas to domestic consumers. Substantial increases in domestic tariffs are now in the pipeline but even if they go up by 50 per cent over the next two years, gas prices will still trail behind those of electricity and oil. The CIA could stress the fact that domestic demand will continue to rise as long as gas is the cheapest form of fuel and power.

Ironically, the current steel workers' strike could help the chemical industry with its gas supplies. If the strike is prolonged and some companies are forced to close down, there will be more gas available for industrial consumers who are not directly affected by steel shortages. Chemical companies could derive considerable benefit from this—especially if the winter proves to be a cold one and domestic demand for gas is high.

There is one other bright spot on the horizon for gas consuming chemical companies. One or two concerns have started looking at the possibility of piping gas directly from the North Sea to some of the major chemical complexes in the UK such as that on Teesside. Such a plan would involve considerable investment and it would also mean breaking the British Gas Corporation's present monopoly on gas supplies. But it could prove to be a viable option and one from which a whole range of industries—not just chemical producers — could benefit.

There is less anxiety among glass makers, potteries and breweries, which use a lot of gas but can also use other fuels, either simultaneously or as a standby. Brewing, in particular, is seriously considering the option of coal. If other industries followed its example that would ease the pressure on *gas users who find it harder to diversify*.

This winter, brewers on interruptible contracts appear to have obtained sufficient fuel to tide them over any gas cuts, despite a wave of alarm a few weeks ago when British Gas advised them of impending shortages.

The Bass brewery at Burton on Trent uses natural gas as its main fuel but can also use oil and electricity. Scottish and Newcastle Breweries also say it would not be badly harmed by gas cuts. Two of its breweries burn oil and the other two can use oil as well as gas. The potteries are facing the winter more worried about gas prices than supplies. Wedgwood's supply can be stopped for up to 28 days. But it says it can overcome this with oil or LPG.

In the glass industry, another heavy user, gas accounts for about a third of fuel requirements and most major makers of containers are on interruptible contracts. They coped well last year by using other fuels and most have stocked up again. Rockware for example, has a nine-week interruption written into its contract, and it appears to be ready to overcome an interruption, even though its stoppage last winter was for only three weeks. Most of the smaller members of the Glass Manufacturers' Federation are on continuous contracts. There is no sense of alarm within the industry.

But this is only a limited blessing at a time when all gas users, whatever the nature of their contract with the Corporation, are affected by wider energy uncertainties and continuously rising prices. In this, at least, there is no interruption.

MEN AND MATTERS

Singer changes its tune

I am glad to see that the manifold troubles of Singer, the company which invented the sewing machine, have not *affected its ability* to present its goods in the best possible light.

One of the world's first multinationals, the company is currently reeling under heavy financial strains, radical surgery of sewing machine manufacture in Europe and America, and a month-old strike at its biggest U.S. plant. Part of the surgery, as more than 3,000 Glaswegians know to their cost, is the proposed closure of the Clydebank sewing machine factory, where Singer has complained for years that the workforce was unproductive and inefficient.

With the prospect of parting, however, the company seems to have modified its view of its Scottish employees: A full-page advertisement in the Wall Street Journal, offering the Clydebank factory for sale, describes the workforce as "priceless" and points in glowing terms to the plant's "first-rate labour relations."

This fulsome tone does not, however, so far seem to be having much impact on potential buyers. Singer told me from its new headquarters in Connecticut—it has just quit mid-town Manhattan as another economy measure—that so far the only firm interest in the site has been from *the Scottish* Development Agency, which is not concerned with keeping the workforce together but simply in parcelling up the site for future letting.

As for the price, Singer is being coy. Joe Flavin, chairman, was quoted in Scotland last autumn as saying that he would let Clydebank go for "a buck".

"Would you now vote by raising your hands from each other's throats."

Crillon commuter

Ronald Skerman retired a week ago as chief actuary of the Prudential, but yesterday I found him still behind a desk in the company's Holborn headquarters. He explained: "They are lending me this small office." In accord with the Pru's general ambience, it resembled a well-endowed Baptist chapel.

The rubicund Skerman is still around in his capacity as chairman of the British Insurers' European Committee, playing a crucial role in the long, complex negotiations to harmonise insurance regulations within the Common Market. "I'm flying to Paris tomorrow for a meeting of the Comité Européen des Assurances," he said. "I stay at the Crillon. They know me there after 15 years."

Although Skerman began as an actuarial trainee with the Pru in 1932, his interest in recent years has more and more switched to the industry's links with Europe. "The first draft of a directive on freedom of services was made in the late sixties," he says. "We are still negotiating." He remarks happily that the directive on freedom of establishment for life and non-life insurance has finally been agreed.

Does Skerman's constant commuting to Paris and Brussels matter much to the British policy-holder? "It could matter a lot if harmonisation imposed restrictions, for example, on the ways in which British companies were allowed to invest. The European market is also important to us."

Both Skerman and Geoffrey Haslam the Pru's chief executive who also retired at the year-end, can expect to be elevated *to* the Board in May. But Skerman will be putting up at the Crillon for years to come. "It is not easy to reach agreement, although under the terms of the Treaty of Rome we are condamned to agree."

Distant thunder

"We've been suffering from too many of the thundering herd stampeding over the company." That's the view put to me by Peter Lake, who has just taken the chair at Christy Bros., the care-worn Chelmsford engineering company which emerged shaken but basically intact from a stormy trip through the seventies.

The last decade started peacefully enough, with Christy going about its business in animal feeding equipment and electrical engineering. Although it was one of the smallest firms quoted on the Stock Market, its modest attractions drew the attention *of some of the financial* "wizards" stalking the City.

Through a reverse take-over in 1973 control of the company came into the hands of brothers David and Malcolm Burne, formerly financial journalists. Their one-year-old Burne Investment Management company was grafted on, and there they were in charge of a public company viewed by the pundits of the day as a vehicle fit for future acquisitions.

A year later dealings in Christy shares were suspended pending a take-over deal which later fell through, and the Stock Exchange quotation was not restored until mid-1976.

In 1975, Michael Craufurd Abbott was in the driving seat. In August of that year he proclaimed: "The basic policy of Christy is to revert to its original state." Abbott himself had had trouble in the past attempting to patch together companies with interests ranging from property to manhole covers.

About the time of the restoration of the company's quote, the Burne brothers left Christy, taking their financial and investment interests with them. But as they went new faces appeared in the Christy family album.

Luminaries from First Talisman, including Edward du Cann, Owen Aisher of Marley and David Wickins (British Car Auctions) were found to have bought a 17 per cent interest from the departing Burnes. Their interest quickly evaporated, however, and by the end of the 1978-79 year they had shed most of their interest in *Christy, with First Talisman* holding less than 4 per cent.

Abbott upped and left last April to be replaced by Michael Knight, who, in his year-end statement in September remarked that he hoped Christy had seen the last of "speculative investment which is rarely designed to benefit anyone but the speculator." Knight resigned "on amicable terms" last month.

The new man in the chair, who is also president of Lake *and Elliot, a company* with a stout reputation in jacks and steel castings, has a clear view of the 1980s. "Certainly some extraordinary things have happened," Lake affirms. "But for the future I want to stick to the main lines, get on with making what we make best and hope for some peace and quiet."

Entre nous

Two schoolboys overheard on flight to Geneva:

First schoolboy—"How's your French?"

Second—"Bit rusty."

First—"Same here."

Second—"Et tu Brute?"

First—"I know *that*. It's Shakespeare, isn't it?"

Second—"Yes."

First—"Funny, I didn't think French had been invented then."

Observer

World aluminium shortage in the 1980s

BY ROY HODSON

ALUMINIUM producers are facing a problem that derives from the success of their product. But it will be no less acute for that. There is now every prospect that world demand for aluminium will outstrip supply early in the 1980s.

A marked slow-down in western world economic growth is expected this year. Already industries using steel as their basic raw material are forecasting that steel consumption will be static at best, and will probably decline. In contrast the special qualities of aluminium are likely to result in demand for the metal continuing to grow throughout a period of recession at a rate of several per cent a year.

To produce aluminium needs very large amounts of energy. Almost half the cost of the metal is accounted for by the energy input even when the cheapest hydro-electric sources in remote corners of the world are used to power smelters.

Once made, however, aluminium becomes a most attractive metal for an industrial society struggling against the tide of rising energy costs. It is re-usable over and over again at low recycling costs so the original energy investment continues to serve. It is half the weight of steel for the same strength. Because of that characteristic alone it is finding growing acceptance in motor car, truck, and railway rolling stock construction, while it has long been the standard material for aircraft in its various alloy forms.

Any slide towards international industrial recession will be at least in part induced by rising energy costs. But as far as the use of aluminium is concerned decline in manufacturing activity overall is likely to be offset by the increasing use of the metal by designers anxious to cut fuel costs by saving weight. Aluminium will also continue to score over other materials because of its non-corrosive qualities, its decorative qualities for furniture and construction, and its conductive qualities for electrical products.

Almost any growth in world aluminium use will be too much for the producers to cope with in the years immediately ahead. Investment in new smelters slowed down dramatically during the 1970s after many years of very fast growth during which demand and capacity had more or less kept in step to grow at 8 per cent a year.

New smelters

The only concentrated expansion in smelter capacity now being undertaken on a scale sufficient to alter the world picture is in Australia where the international giants of the aluminium industry are starting upon a programme for new smelters which will provide an extra 1m tonnes capacity.

Consumption of aluminium in the western world was 12.4m tonnes in 1979. Producers forecast that it will rise to 12.8m tonnes in 1980. In fact, they do not expect demand to rise at less than 4 per cent a year at any time during the first half of the 1980s. And they believe that demand growth could easily reach 6 per cent a year if the general economic outlook brightens.

Against such forecasts the £1.5bn investment in new smelting capacity planned for Australia must be placed in context. It will only provide an annual growth in world aluminium smelting capacity of 1.5 per cent a year during the next 5-6 years as the smelters come into production. Meanwhile smaller smelter investments in other parts of the world, notably in Canada and the Middle East, will add perhaps a further 0.5 per cent a year or less to world capacity during the next few years.

Those figures point to one conclusion. Total aluminium smelting capacity in the western world will fall well short of what will be needed to avoid the demand for aluminium quite rapidly exceeding supply as we enter the 1980s.

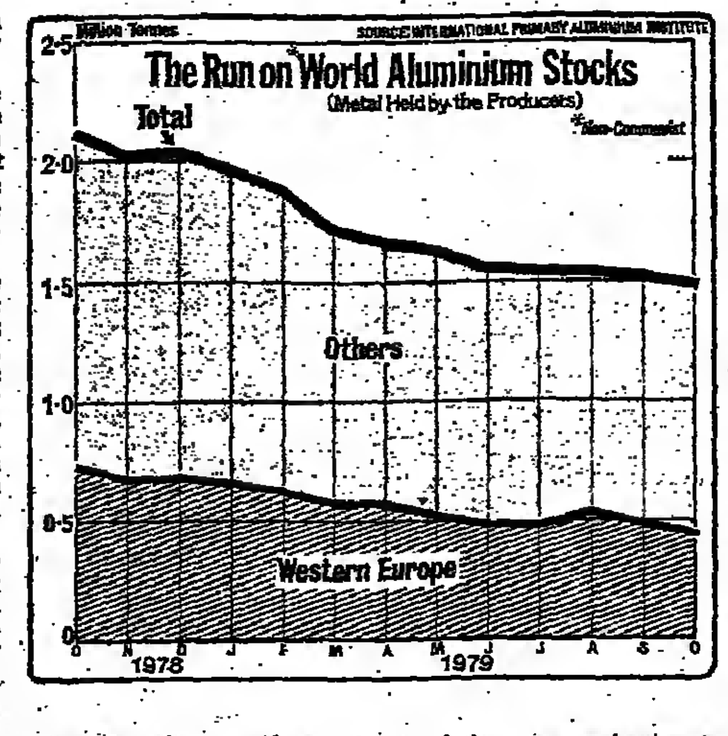
The chart with the article shows how stocks of aluminium in the non-communist world as a whole, and in western Europe, have been falling fast for the past year. The beginning of the run-down in stocks can, in fact, be traced back as far as 1977. There has been a decrease in world stocks of aluminium metal every quarter since then.

Companies making aluminium in western Europe now take the view that their stocks held at the smelters have fallen below a safe working level. Their current stocks stand at under 240,000 tonnes compared with 620,000 tonnes at the end of 1977. Total stocks in Europe including aluminium both at smelters and at fabrication plants have not fallen quite so sharply. Nevertheless they are already at a sufficiently low level to cause concern.

Meanwhile, stocks in the non-communist world as a whole have declined by 25 per cent to a level of less than 1.5m tonnes within the space of two years.

At some point in the next two years the developing imbalance between western world aluminium supply and demand will start to be reflected in the prices industry will have to pay for the fabricated metal in sheet, extruded, and foil form, and in such products as tubes and sections.

The calculations about when, and by how much, prices will rise are unfortunately complicated by the structure of the industry, dominated as it is by a small number of international companies.



The six majors are Alcoa and Alcan, each with the capacity to produce well over 1.5m tonnes of metal a year; Reynolds, Pechiney, and Kaiser, each with a capacity of around 1m tonnes a year, and Alusuisse with a capacity near 750,000 tonnes a year. British Aluminium, which severed a 20-year link with Reynolds last year, is in a different league with a primary capacity of about 140,000 tonnes a year.

Running down

All those companies have been running down their inventories of aluminium. Some are already having to quote longer delivery dates to buyers of primary metal. But they are all vertically integrated operations with large proportions of their own metal being processed through their own mills. That is why the use of the price mechanism to control supply and demand of aluminium is proving less than wholly effective as supplies become tighter.

In Europe, for instance, there is considerable over-capacity in aluminium rolling mills. Too many companies have invested during the last 15 years in big modern mills which are now working at well below their designed capacities. The problem can be seen very clearly in France and West Germany.

As a result of the big "downstream" capacity being maintained by the industry, prices of fabricated aluminium do not accurately reflect the looming cross-over point at which demand for aluminium will exceed the industry's ability to supply.

European fabricated prices are currently lower in real terms than they have been for some years, and lower than the industry collectively would wish to charge. The reason is to be found in the fierce competition between the fabricated products operations of the big companies.

In spite of that particular capacity and marketing problem for fabricated aluminium in some—not all—parts of the world, the industry as a whole is agreed upon a coherent basic pricing policy.

Looking back over their many years of 8 per cent annual growth the majors take the view that they were dazzled by pursuit of growth and sold their metal too cheaply for too long.

There is wide agreement in the industry now that aluminium prices must in future provide a reasonable return upon capital.

Pursuit of that policy accounts at least partially for the slow-down in smelter investment in the 1970s and today's market situation. But the rapidly rising power costs of the last five years have been the biggest single factor in depressing investment in aluminium smelter capacity.

European energy costs have now risen to such a level that leaders in the industry cannot foresee any more "greenfield" European smelters being set down in the working lifetimes of people now in the industry.

The three British smelters built early in the 1970s all depend upon complicated government-supported arrangements for subsidised power. Subsidies for further power supplies to enlarge Invergordon (British Aluminium), Lynemouth (Alcan), and Holyhead (Anglesey Aluminium), would have to be so generous that the idea has become a political non-starter and the companies appear resigned to running the smelters at their present levels of around 100,000 tonnes annual capacity each.

British Aluminium, meanwhile, is making the most of its special position of having rights to a limited amount of cheap hydro-electric power in the Scottish Highlands. The company is spending £35m installing more efficient smelting plant to make the best use of its electricity.

Alcan has been operating world-wide, its principal strength being the big hydro-electric resources of British Columbia and Quebec, ever since it split from Alcoa in the 1920s. The need to utilise what limited unused power resources still remain to it in Canada is leading the company towards major new investments. Mr. David M. Culver, president and chief executive officer of Alcan Aluminium says: "We are basing our future strategy upon a balanced approach. We want balanced growth between producing and selling metal."

Alcan is orienting its present capital spending programme heavily towards bauxite (the raw material) developments, alumina plants for processing bauxite, and new smelters in Canada and Australia. All those forms of investment have long lead times between sanctioning a project and first production. Alcan intends to follow through in the early 1980s, says Mr. Culver, with a new round of investment in down-stream projects for fabricating aluminium which can be built to coincide with the extra metal production.

Power limits

Alcan will have used up all the power available to it in East Canada by the time the third Grand Baie, Quebec, smelter pot-line is finished in the 1980s. Lines one and two are being built at the moment. In western Canada the company hopes to double-up its hydro power at Kemano, British Columbia, and put in more smelting capacity. But that project will probably not be completed before the 1990s.

The new power available to Alcan in Canada will be competitive with the very cheap thermal power station power that Australia is providing to the aluminium industry.

But Kaiser and Alcoa, operating south of Alcan in the U.S., cannot expect further supplies at such price levels from hydro resources. On the contrary the higher prices they will have to pay as U.S. power contracts end are likely to force them to retrench their U.S. aluminium production.

Mothballed

Such a retrenchment has already been forced upon the Japanese aluminium industry by the cost of imported oil. A joint decision by the Japanese Government and the industry has led to the closure of 0.5m tonnes of aluminium smelting capacity in that country. Some has been shut permanently. The remainder has been mothballed but it is unlikely ever to be brought back into production.

The fact that Japan will need to import upwards of 1m tonnes of aluminium a year from other nations in the early 1980s has undoubtedly spurred on the new Australian investments. Alcan, Alcoa, Kaiser, Nippon Steel, Pechiney, and Mitsui, are all in there now with smelter projects. The Australians are to install about 9,000 megawatts of coal-fired power station capacity.

But, given the big Japanese requirement, and the limited and faraway prospects for new hydro-powered smelter development in Canada, it is clear that the Australian aluminium rush is going to assist, but cannot solve the problem of an aluminium shortage in the 1980s.

Letters to the Editor

Industrial relations

From the Director General, Institute of Directors

Sir,—At a time when many resolutions for 1980 are already being conveniently abandoned, here is one resolution which I consider deserves retaining: Every board of directors should resolve to make 1980 the year in which an exhaustive review takes place of the company's relationship with its employees. May I suggest the following as the pattern for turning resolution into reality?

The establishment of common conditions of employment, including spreading appropriate fringe benefits to all employees; the provision of common cafeterias, wherever feasible, and of staff conditions for all, wherever appropriate.

The introduction of schemes to enable more employees to become shareholders.

The introduction of consultative committees with elected representatives drawn from trade unionists and non-unionised employees, as well as middle management. A basic education programme in business economics for all those elected to the above committees. The introduction of briefing groups for effective dissemination of company policies.

Improvements in the flow of information to employees including perhaps: (a) monthly journal; (b) annual general meeting; (c) annual report and (d) annual statement of benefits sent to each employee's home.

Visits by members of the top management team to all areas of the company, not only during the day shift, but on the night shift, too.

Personal addresses by the chief executive to all employees at least three times a year to tell them the good news as well as the bad, providing an opportunity for them to ask questions. Setting up at least four working committees to harness the energies and enthusiasm of employees in the business, eg (a) quality control, (b) productivity, (c) cost reduction and (d) safety.

Relocation of the personnel executives on the shop floor or as near as possible to the majority of employees.

Good industrial relations will almost inevitably take up as much time as bad industrial relations, but with totally different results. Good industrial relations are not an end in themselves. But without them we shall never achieve high productivity. Without high productivity we shall never be able to provide consistent and increasing prosperity and security for all.

Walter Goldsmith.
116 Pall Mall, SW1.

Assault on indexation

From Mr. C. Smith

Sir,—Mr. Chalmers (January 5) says the Government is to make an "assault on indexation." If so, the Government will be admitting that after only nine months its anti-inflation policy cannot succeed; there will be no increase in tax allowances in April, and benefits and pensions paid for in good money will be reduced in value.

My elderly friends on index-linked pensions are just as opposed to inflation as anyone. They have been savers and their "store of wealth" diminishes. They also realise that in inflationary times they are subject to the attacks of those who are enjoying their cake yet resent others who have been less well remunerated having a little cake during retirement.

Charles R. Smith.
South Grange, Bassingham, Lincoln.

Going for a pittance

From Mr. R. Nottage

Sir,—Giles Merritt reports from Brussels (January 4) that EEC financial institutions are to lend more to British manufacturing industry, and £200m may be forthcoming in 1980-81. These funds are to be directed to creating new jobs and safeguarding existing ones in economically depressed areas.

Thus Britain, which extracts billions of pounds each year from its commerce and industry to stack away in pension funds, goes cap in hand to its European neighbours, who do no such thing, for pittances to help arrest its economic decline.

Why, oh why, must a once proud and prosperous nation mismanage its affairs in so shameful a way?

Raymond Nottage.
Reform Club, Pall Mall, SW1.

Reasons for not buying British

From the Chairman, Wilkinson Hardware Stores.

Sir,—Sir Michael Edwardes is of course entitled, nay obligated, to promote the undeniable patriotism of buying British Leyland vehicles. His vigour in doing so should command our respect. All in British Leyland must, however, recognise the other dimension.

In any business or enterprise it must be the duty of any proprietor or manager to provide equipment measuring up to those standards required of that organisation to achieve its objectives. We sell predominantly British goods. With centralised distribution our commercial vehicles are all British Leyland products. Our 40 company cars were once, but are so no longer.

We have been driven to this situation by a combination of poor delivery, expensive and inadequate dealer service, unreliable supply of spare parts, and the standard of equipment and finish upon the vehicles themselves. Our records and accounts provide ample proof of these facts.

If we are to rely upon our own staff to do their jobs to our standard, and thus protect and promote this group's interests and employment, we, for our part, are obligated to provide our staff with reliable tools.

Tony Wilkinson.
Carlton-in-Lindrick, Worksop, Notts.

Where will the money go next?

From Mr. K. Ord

Sir,—The *hot money* riding high on gold at the present time acts rather like a bulge of air in a tyre inner tube. You push it down in one place and it pops up again somewhere else. It will be pushed down soon on gold—in 1974 the price of gold halved and this will happen again.

It might be said to pop up in the world's stock and commodity markets but this is unlikely in 1980. The doom and gloom men have said there is a recession overdue both here, in the U.S. and indeed the world.

If the cycle of inflation, higher interest rates and the now fashionable abandonment of Keynesian policies continue then there will indeed be a recession, a severe one, willy nilly.

So where can the money bulge go this time? If not to the stock and commodity markets then the currency tidal waves will be with us again. And the country with the highest reserves of all is West Germany.

The fact that the Deutsche Mark is backed by the highest reserves is not sufficient to forecast its place as the most desireable currency for the coming rush from gold.

EEC members already consider the Deutsche Mark undervalued and have been pressing for some time for the West Germans to revalue. What alters the situation now is that for the first time in fourteen years the West Germans have suffered a trade deficit brought on by the high price of oil imports.

There is therefore some incentive for a revaluation of the currency—not only to satisfy EEC members, but also now as a practical means of helping to balance their budget against heavy oil price increases. And as the currency with the best inflation rate of all what better place for the money to go . . . ?

Keith Z. Ord.
15, The Mount, Fetcham, Leatherhead, Surrey.

Marketing panacea

From Mr. I. Stewart-Fergusson

Sir,—It is a pity that "marketing" has become so devalued a concept as a result of being the "in" word over the past decade or so, that today the expression is taken to mean all things to all people; more is the pity when this generalisation of usage is maintained by none other than the vice-chairman of the Marketing Society himself ("Marketing is the key," December 18).

From his letter it would appear that "marketing" is at one and the same time the panacea to cure the ills suffered by ailing companies, and also the hallmark automatically associated with successful companies. It is thus a truism: bad management=bad marketing, good company=good marketing. Surely real life is not so simplistic. Surely the examples of failure he quotes, the motor cycle industry and Singer, are just as likely to be the result of deficiencies in production or personnel or finance, as in this mystical phenomenon marketing. Is BL's plight also to be explained away by "it got the marketing wrong?" Or are we to believe that marketing embraces all the functions within a company?

Likewise one is entitled to question the extent to which the international performance of the food manufacturing industry is really due to "marketing expertise and effectiveness." (I have seen more German foods on sale in the UK than v.v. Is their marketing better than ours?)

As a student of the subject I often wondered (still do) if the importance of the concept was not overrated. Maybe readers can think of companies successful despite indifferent marketing, or the converse where failures have arisen despite marketing "expertise."

I. G. Stewart-Fergusson.
53 Monkside, Cramlington, Northumberland.

Advertising agencies

From the Chairman, Davidson Pearce Berry and Spottiswoode

Sir,—Mr. J. D. Sutherland (January 4), in commenting on Michael Thompson-Noel's article on advertising (December 27) describes advertising agencies as parasites on British industry.

It is because he, alas, is not alone in holding that sort of prejudice that, as a contributor to the offending article, I should like to point out the real danger to British industry of the opinion Mr. Sutherland holds.

It is a regrettable fact that in this country advertising has for long been thought a less worthy and essential part of business than finance, manufacturing, or distribution. Too many still see advertising expenditure as an avoidable on-cost rather than as a vital part of marketing and selling. No such gentlemanly prejudices constrain most of our international competitors who, in recent years, would seem to be taking certain parts of British industry to the cleaners.

I freely admit that some in agencies are, as Mr. Sutherland alleges, odd and narcissistic. Others too have long hair, and don't wear suits. But none of us believes that the importance of our contribution to British business is to its public aesthetics. We exist because advertisers know our creative contribution to their business is cost-effective. They judge our work, not on its beauty, but on what it sells. And their opinion of us is what counts, not that of other advertising agencies, or even of Mr. Sutherland.

C. J. Hawes.
67, Brompton Road, SW3.

Planning for polymaths

From Mr. J. Dingle

Sir,—Mr. Peter Wood's admirable suggestion (January 7) to train young engineers in techno-economic planning under Murphy's law will, I fear, come unstuck. Academics, whose grip on the training of engineers is, these days, almost total, don't understand such empiricism, can't see how to examine in it (for there will be no theoretically "right" answers) and will therefore declare it inappropriate for study by undergraduates.

There will, however, continue to appear in professional bodies' symposia such topics as "Commercial development of widget technology in Ruritania," when among the travellers' tales some nuggets of useful and relevant experience will be exchanged between practising engineers. But there will be no undergraduates and few teachers of engineering in sight.

Since we seem to lack a proper forum for the kind of training Mr. Ward has in mind, we need some other means. Perhaps we should revive evening classes for post-graduate, pre-chartered engineers?

John Dingle.
Suite 1, Harcourt House, 19a, Cavendish Square, W1.

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher speaks at National Economic Development Council meeting.

Sir Keith Joseph, Industry Secretary, and Sir Monty Finniston speak on publication of the Finniston Report on the engineering profession.

British Shipbuilders pay talks open, Newcastle upon Tyne.

Financial Times conference on "Problems in Accounting" opens at Intercontinental Hotel, London, W1.

TUC economic committee meets, London.

British Airways resumes direct flights to Salisbury, Rhodesia.

Sir Peter Gadsden, Lord Mayor of London, lunches with Wax Chandlers' Company at Wax Chandlers' Hall, Gresham Street, EC2.

Race and Rally Show opens, Alexandra Palace (until January 13).

Overseas: Mr. Charles Haughey, Irish Prime Minister, makes major policy statement, on television.

Australian cabinet discusses curtailment of wheat sales to Russia.

COMPANY MEETINGS

Duple, The Clifton Arms, Lytham, Lancs., 12.00. Fenner, Queen's Hotel, Leeds, 12.30. Fulcrum Investment Trust, Milburn House, Newcastle upon Tyne, 2.30.

COMPANY RESULTS

Final dividends: Camford Engineering, McCorquodale, M. and G. Dual Trust, Westland Aircraft. Interim dividends: Ailsa Investment Trust, Hogg Robinson Group, The Hollas Group, Imry Property Holdings. Interim figures: British Cinematograph Theatres, Melody Mills.

LUNCHTIME MUSIC, London

Organ recital by Ian Curror, St. Olave, Hart Street, EC3, 1.05 pm.

Organ recital by Richard Townsend, St. Margaret Lothbury, EC2, 1.10 pm.

Organ recital by Timothy Collins, St. Bride's, Fleet Street, EC4, 1.15 pm.

Piano recital by Martyn Dyke, Holy Sepulchre, Holborn, EC1, 1.15 pm.

Recital by Mary Curtis (soprano) and Stephen Hose (piano), St. Martin-Within-Ludgate, EC4, 1.15 pm.

Stead & Simpson profit nears £2m at midway

REFLECTING INCREASES both from footwear retailing and motor trading, profits before tax of Stead and Simpson rose 34 per cent from £1.47m to £1.97m in the half year ended September 30, 1979.

Turnover, excluding VAT, was up 26.9 per cent to £17.29m and during the third quarter has shown an increase of 23 per cent for footwear retailing and 9 per cent for motor trading.

The interim dividend is being lifted from 0.7p to 1p per share but must not be taken as an indication of the total distribution for the year, the directors say.

For the previous year, a total dividend of 2.75p was paid from pre-tax profits of £3.3m. The interim this time absorbs £288,000 (£201,600).

● comment

It has been a healthy first half at Stead and Simpson, with both car and shoe sales up and margins improved. Last year's half-way profits, themselves 54 per cent up on 1977, are comfortably exceeded. A cautious note is struck, however, in the dividend. This reflects in part a desire to even out interim and final payments, but also points to a less exciting second half. The summer buying boom has taken the steam out of car sales, though footwear is holding up surprisingly well. Outside forecasts are for full-year profits to hit £4m, indicating fully taxed projected earnings per share of 6.6p. A total dividend of 3.5p for the year would give a gross yield of around 12 per cent, with a p/e of 6.2 at 42p. The modest share price indicates market suspicion that, while Stead and Simpson has had three good years, a slowing of growth could now be in sight.

HIGHLIGHTS

Lex discusses the latest banking figures which are encouraging although January will probably prove a more difficult month one way or another. Lex also looks at the quarterly results from the Gold Fields group and considers the implications for Consolidated Gold Fields. The current change in practice by the Inland Revenue over payments of dividends on Eurobonds by UK borrowers also comes in for comment. On the inside pages the prospectus is published for the Emess company (formerly Era Ring Mill) and there are comments on Centreway, Stead and Simpson and Esperanza.

Esperanza profits hit by provision

TAXABLE PROFITS of Esperanza, the international services and copper production group, dropped from £1.74m to £1.4m for the six months to September 30, 1979, on increased turnover of £23.4m, against £19.9m.

However, with profits struck after all costs and expenses relating to the settlement of the action against one of the group's subsidiaries, Caleb Brett and Son, the board considers the results satisfactory.

But for this provision, trading profits would have been substantially higher, Lord Kissin, the chairman, states. Present indications are that the group continues trading at a satisfactory level above that of the previous second six months.

Lord Kissin explains that the Esperanza board has given assistance in the settlement of the claim against Caleb Brett because this company has greatly expanded its activity and is showing much improved results.

In the light of these developments, Caleb Brett also required help in order to preserve its right to petition to the House of Lords for the case to be taken further on appeal, he adds.

The board's view is that these facts provide the necessary commercial considerations for supporting the trading activities of this subsidiary, whose current performance shows a continuing improvement in profitability.

Reflecting the improved position of the company, the net interim dividend is raised from 2.2p to 2.5p per 12½p share, from stated after-tax earnings of 4.5p (7.4p)—last year's total payment was 6.4p.

As a result of a revaluation of certain assets, a surplus of £1.3m has been revealed before allowing for any possible tax on sales. No revaluation figures have been included in the half-yearly results.

The revaluation surplus does not include the group's Cyprus property, the development of which is still under consideration. The board understands that a greater potential exists for this property's development than was previously anticipated.

Profits for the half-year from international services fell from £1.87m to £1.29m, but the contribution from copper production jumped from £20,000 to £265,000. Finance charges took £152,000, compared with £146,000.

● comment

The news from Esperanza is better than the figures indicate. Profits at the pre-tax level appear to have dropped by one-fifth, but there has been a subtraction of costs and expenses related to the Caleb Brett settlement. This figure may come to £750,000, which suggests a first half trading profit of more than £2m. Although the group's mining activities are being phased out, there is a healthy £265,000 contribution from copper. Meanwhile, current year prospects revolve about the group's various services (marine, laboratory, freight forwarding, etc.) and international oil markets. These businesses are reported to be doing well. Provided there are no further provisions for Caleb Brett, a pre-tax figure of £4m looks possible. This suggests a fully taxed p/e of 6.6. The interim dividend is up 13.6 per cent at the net level and a similar hike in the final points to a prospective yield of more than 10 per cent at 102p, up 1p.

Centreway ahead at six months

WITH a first time contribution, at the interim stage, from the vehicle division, and reflecting the continuing strong trading from footwear, taxable profits of Centreway were ahead from £749,000 to £777,000 for the six months ended September 30, 1979.

Turnover, including £8.96m from vehicles, expanded to £13.74m, compared with £4.21m.

For the whole of the 1978-79 year profits were a record £1.56m from a £10.75m turnover.

Mr. A. J. Cross, the chairman, says that prospects for the second half are satisfactory, but are particularly dependent on the resolution of the steel industry's dispute.

The interim dividend is effectively raised to 4p (3.371p) net per 50p share—last year's final payment was an equivalent 6.629p.

Also proposed is a scrip issue of preference shares on the basis of one 11 per cent cumulative preference for every three ordinary.

	Six months 1979 £000	1978 £000
Turnover	13,741	4,214
Footwear	2,267	1,618
Metal pressings	1,850	1,686
Rubber products	660	910
Motor vehicles, trucks and leasing	8,964	—
Trading profit	781	728
Footwear	330	273
Metal pressings	258	315
Rubber products	98	140
Motor vehicles, trucks and leasing	97	—
Central group items, interest	4	†21
Profit before tax	777	749
Tax	355	367
Profit after tax	422	382
Preference dividend	38	38
Ordinary dividend	70	59
Retained	314	285

† Credit.

After first half tax of £355,000 (£367,000) earnings are shown as 21.8p (19.5p) per share, and 19p (18.3p) on a full tax charge.

Mr. Cross states that within the vehicle sector the truck division is providing an increasingly strong trading basis for future growth. But S. J. and E. Fellows, the group's metal pressings subsidiary, showed lower profits mainly because of the engineering dispute last August and September.

Hermetic Rubber, rubber products, experienced pressure on operating margins in the six months, the chairman says, but is expected to produce satisfactory results for the full year.

● comment

By the recent impressive standards of Centreway's profits growth, yesterday's interim figures were exceptionally poor. But for a first time contribution from the new motor vehicle division, trading profits would have been down six per cent. The central difficulty was the engineering dispute, which affected both the metal pressing and rubber divisions and probably cost around £75,000 in profits. Even adding this back in, however, the figures were far from spectacular and, with the footwear cycle expected to turn down this year, Centreway will be hard pressed to maintain its momentum. Over the short-term, the steel strike could do considerable damage to order levels, all of which vindicates the group's decision to diversify out of manufacturing into motor leasing. The share price rose 10p to 165p yesterday, boosted by a bonus issue which is equivalent to a 36 per cent increase on last years' ordinary dividends. Assuming the interim dividend increase is maintained in the final, the yield is 10.5 per cent while maintained profits would produce a fully-taxed p/e of 4.4 on the basis that the new preference shares rank for a final dividend.

ICL profits benefit from CCA accounting

CURRENT COST accounts, shown for the first time in the annual report of ICL, have produced a pre-tax profit of £46.7m (£37.6m) which is higher than the historical profit of £45.7m (£37.5m) reported for the year ended September 30, 1979.

Mr. T. C. Hudson, the retiring chairman, says the CCA accounts confirm that as indicated in the previous year's report, the impact of this form of accounting on the group's profit is broadly neutral.

However, in the unusual circumstances of the computer industry, it would be unwise to place too much emphasis on this comparison, the chairman adds.

In the view of the Board, it certainly does not imply any additional ability to afford greater levels of employee costs, dividends or taxation, says Mr. Hudson.

"It should rather be looked on as a further indication of the rate of technological change in our business which requires a high investment in research and development and substantial expenditure together with continuing and material increases in productivity," he says.

These requirements cannot readily be expressed in the format of current cost accounting, but the Board continues to be well aware of their importance to the maintenance of ICL's business.

Capital expenditure for the year exceeded £96m, some £28m greater than the previous year. This included two new factories in Manchester, factory test equipment and data processing equipment within ICL and improved sales offices, as well as an increase in equipment on hire to customers.

Adopting the advances in technology needed to maintain ICL, inevitably results in lower manning levels, the chairman says. Even with a growth rate above market average, the group cannot sustain the present level of employment on the manufacturing side.

The Dukinfield works near Manchester is to be closed by the end of the current year and is expected to involve redundancy of some 800 employees.

Commenting on the speed of developments in microcircuitry, the chairman says ICL is well placed to respond to these trends by its strong capabilities in all major segments of the equipment, software and services markets.

The accounts also show the salary of Dr. C. Wilson, the managing director as £68,000 compared to £41,000 in the previous year. The chairmans salary was £40,000 (£38,000).

Mr. Hudson is to be succeeded as chairman by Mr. Philip Chappell after the annual meeting at Plaisterers Hall, EC, February 6, at noon.

SPAIN

January 8	Price %	+ or −
Banco Bilbao	207	−1
Banco Central	226	−4
Banco Exterior	216	−4
Banco Hispano	215	−4
Banco Ind. Cat.	137	
Banco Madrid	175	
Banco Santander	247	−3
Banco Urquijo	187	
Banco Vizcaya	215	−2
Banco Zaragoza	205	
Dragados	100	
Espanola Zinc	60	
Fecsa	53.7	+0.5
Gal. Preciados	30	+2
Hidrola	58.7	−0.3
Iberduero	58	+0.5
Petroleos	112	
Petroliber	73	
Sogefisa	115	
Telefonica	54	−0.5
Union Elect.	56	+0.5

BIDS AND DEALS

RIT purchases stakes in Carliol and Tyneside

BY TIM DICKSON

Rothschild Investment Trust, through its subsidiary Hume Holdings and certain associates, has bought an 18 per cent stake in Carliol Investment Trust and just under 14 per cent of Tyneside Investment Trust.

At the same time, Rothschild says it has told the boards of both companies that it wishes to discuss unitisation proposals.

The announcement yesterday is the latest move in what has been a hectic period recently for RIT. In the last few months of 1979 it successfully bid for Hume Holdings, another investment trust, and then launched a 60p per share cash agreed offer for Dawnay Day, the merchant banking, life assurance, unit trust and investment group.

Rothschild yesterday ruled out a straightforward cash bid for Carliol and Tyneside and said that the directors of Carliol and Tyneside are considering the approach and that a further announcement would be made as soon as possible.

Rothschild did indicate, however, that some sort of tie up was eventually envisaged with Dawnay Day's wholly owned unit trust and life assurance group Target Life.

Shares in Carliol, which has assets of more than £19m, moved up from 117½p to 140p yesterday, where they still stand at a substantial discount on the net asset value of 157p. Shares in Tyneside, which has assets of £11m, rose from 114½p to 134½p, against net assets per share of 151p.

Carliol and Tyneside attempted to merge in 1978 but after encountering tax difficulties the plan was called off.

Meanwhile, acceptances in respect of 85.3 per cent of Dawnay Day shares have been received in respect of Rothschild's bid through Hume. The offer, which remains open until January 21, is still conditional upon permission to change control of Target Life being granted under section 53 of the Insurance Companies Act 1974.

Marsh & McLennan/Bowring offer investigated by OFT

By John Moore

THE Office of Fair Trading has started preliminary investigations into the £245m bid which may be mounted by Marsh and McLennan Companies Incorporated of the U.S. for C. T. Bowring and Company, the British insurance broker.

Depending on its findings, the Office of Fair Trading has the power to recommend to the Department of Trade whether any bid should be referred to the Monopolies and Mergers Commission.

Meanwhile institutional shareholders of Bowring have been weighing up the offer which the American insurance broker is prepared to make providing that Bowring does not seek to frustrate its offer.

There are no shareholders in the Bowring group with holdings over 5 per cent. But there are numerous institutions, such as life assurance and pension funds, which hold sizeable stakes.

A representative view yesterday from insurance company holders was that, "it would serve the best interests of our policyholders for the bid to go through."

Another institutional holder indicated that he was intrigued by the letter dispatched by Mr. Peter Bowring to Marsh and McLennan's chairman, Mr. John Regan.

The letter said: "we are unanimous in our determination to resist any such offer by every means available to us and this cannot exclude obtaining support in the City of London and elsewhere from whatever institutional bodies are sympathetic to our very strongly held views."

The institutional shareholder commented that Bowring had not made overtures for its support at this stage. Another institution commented that it was tempted by the share and cash offer by Marsh: "It must be a good offer."

The 16-strong ruling Committee of Lloyd's meets today to consider its position about its controversial 20 per cent ruling which, if implemented, could block or limit the Marsh bid.

The rule stipulates that insurance interests outside the Lloyd's market could not normally hold more than 20 per cent of a Lloyd's broker.

The indication from Lloyd's yesterday was that the Committee is likely to stall on putting any view forward about the 20 per cent ruling until a working party, headed by Sir Henry Fisher examining self regulation at Lloyd's, has reported in March.

Bowring has under a week in which to lodge its formal reply to Marsh's plan for a bid.

Morgan Crucible buys Franklin

BECOMING part of its industrial lubricants division, Morgan Crucible Company announces the acquisition of Franklin Oil Corporation, a private company of Ohio, U.S., for $6m cash, with effect from January 4.

Franklin manufactures specialised metal-working lubricants, with annual sales of some $8m, and will operate as a sister company to Rocol, Morgan's UK market leader of industrial lubricants for critical conditions.

BOWTHORPE

Wago Kontakttechnik GmbH, a West German subsidiary of the Bowthorpe Holdings Group has formed a new company, Wago Corporation, in the U.S. to market its range of electrical and electronic terminal blocks with a view to eventual manufacture in the United States.

The Wago Corporation is initially situated in the recently opened new facility of the Tyton Corporation, a wholly-owned subsidiary of Bowthorpe Holdings, in Milwaukee, Wisconsin.

Wago plans to take a significant share of the rapidly growing U.S. market for metric size European-style terminal blocks, which is developing as a result of the switch to the new internationally agreed IEC standards for electrical components.

NATIONWIDE LEISURE

The independent directors of Nationwide Leisure, the caravan group, will not accept the 6p cash offer from Rantlodge, the private leisure concern, as far as their own personal holdings are concerned. However, they "find it impossible to recommend shareholders to do likewise."

On the one hand, they point out in a letter to shareholders, the offer compares with an asset value of 9½p at the October balance sheet date. On the other, Rantlodge already owns more than 50 per cent of Nationwide's equity, having bought out the holdings of the chairman, Mr. John Hutchings. As a result control of the company has now changed and it is difficult to predict the group's future, the directors say.

The directors are unable to identify the management of Rantlodge, which makes it doubly difficult for them to find out the intentions of Rantlodge towards Nationwide. Therefore, they remind shareholders, their shares "are essentially ... a speculative investment."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Peter Black Hldgs. ....int.	1.47	May 2	1.33*	—	3.85*
Centreway ....int.	4	April 8	3.37*	—	10*
Esperanza ....int.	2.5	April 1	2.2	—	6.4
Halma ....int.	0.52	Feb. 10	0.4*	—	1.04*
Investors Cap. Tst.	1.35	—	1.3	2.9	2
Stead & Simpson ...int.	1	Feb. 15	0.7	—	2.72
Winterbottom Tst.	5.2	—	3.6	7.5	5.6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C	F.520	..	.	15	5	—	—	F.506
ABN C	F.550	..		2	6.50	—	—	"
AKZ C	F.22.50	—	—	—	—	5	5	F.25.50
AKZ C	F.25	5	0.50	28	1.40	47	6	"
AKZ C	F.27.50	..	—	5	0.70	70	1	"
AKZ C	F.30	—	—	76	0.50	—	—	"
BG C	F.240	—	—	10	5	—	—	F.222.50
CSF C	F.440	—	—	4	55	—	—	F.460
CSF C	F.480	1	12	1	30	3	31	"
EK C	$45	50	1⅝	—	—	—	—	$45⅛
EK C	$50	—	—	25	1⅛	—	—	"
HO B	F.20	—	—	..	—	10	4.20	F.22.20
HO C	F.22.50	—	—	1	1.70	50	2.40	"
IBM C	$65	3	⅛	—		—	—	$65
KLM C	F.70	—	—	20	4.50	6	7	F.70.50
KLM C	F.80	—	—	1	1.90	85	5.50	"
KLM C	F.90	—	—	..	—	24	1.50	"
KLM P	F.70	60	1.50	11	4.60	—	—	"
KLM P	F.80	14	9.50	5	10.80	1	11	"
NN C	F.100	..		10	20.90	—	..	F.119
NN C	F.115	5	4.20	—	—	—	—	"
NN C	F.120	61	0.70	7	6	6	6.20	"
NN C	F.135	—	—	56	2.40	—	—	"
PET C	Fr.5500	24	880	...	—	—	—	Fr.6700
PET C	Fr.6000	6	10	1	660	60	600	"
PHI C	F.20	—	—	—		21	2.10	F.20.70
PHI C	F.22.50	608	0.10	266	0.60	44	0.60	"
PHI C	F.25	..	—	50	0.30	—	—	"
PHI P	F.22.50	20	1.80	—	—	—	—	"
RD C	F.140	6	6.60	—	—	—	—	F.146
RD C	F.145	80	2.40	8	7.70	—	—	"
RD C	F.150	106	0.70	48	6.40	20	7.20	"
RD C	F.160	—		156	6.80	116	6.40	"
RD P	F.140	40	0.10	6	1.80	20	5	"
RD P	F.145	86	0.80	5	5.40	—	—	"
RD P	F.150	71	4.40	11	6.60	—	—	"
RD P	F.160	—	—	15	14.50	—	—	"
UNI C	F.115	12	2	—	—	—	..	F.115.60
UNI C	F.120	10	0.30	5	6.40	1	4.30	"
XON C	$55	—	—	10	2⅛	—	—	$52½
XRX C	$50	4	5⅛	—	—	—	—	$60¼
XRX C	$60	60	1⅛	—	—	—	—	"
		Feb.		May		Aug.		
SA C	$40	60	16⅛	—	—	—	—	$57⅛
SA C	$45	25	13⅛	—	—	—	—	"
SA C	$50	135	7¼	8	6⅛	—	—	"
SLB C	$90	3	7⅛	1	11¼	—	—	$66⅛
SLB C	$100	13	8	—	—	2	6¾	"
		March		June		Sept.		
GM C	$50	10	3	10	4⅛	—	—	$51⅛

TOTAL VOLUME IN CONTRACTS 2408

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	17 %	Grindlays Bank	‡17 %
Allied Irish Bank	17 %	■ Guinness Mahon	17 %
Amro Bank	17 %	■ Hambros Bank	17 %
American Express Bk.	17 %	■ Hill Samuel	§17 %
Henry Ansbacher	17 %	C. Hoare & Co.	†17 %
A P Bank Ltd.	17 %	Hongkong & Shanghai	17 %
■ Arbuthnot Latham	17 %	Industrial Bk. of Scot.	17½%
Associates Cap. Corp.	17 %	Keyser Ullmann	17 %
Banco de Bilbao	17 %	Knowsley & Co. Ltd.	18½%
Bank of Credit & Cmce.	17 %	Lloyds Bank	17 %
Bank of Cyprus	17 %	London Mercantile	17 %
Bank of N.S.W.	17 %	Edward Manson & Co.	18 %
Banque Belge Ltd.	17 %	Midland Bank	17 %
Banque du Rhone et de la Tamise S.A.	17½%	■ Samuel Montagu	17 %
Barclays Bank	17 %	Morgan Grenfell	17 %
Bremar Holdings Ltd.	18 %	National Westminster	17 %
Brit. Bank of Mid. East	17 %	Norwich General Trust	17 %
■ Brown Shipley	17 %	P. S. Refson & Co.	17 %
Canada Perm't Trust	17 %	Rossminster	17 %
Cayzer Ltd.	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Cedar Holdings	17 %	Schlesinger Limited	17 %
Chartered Trust Ltd.	18 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Shenley Trust	19 %
C. E. Coates	17 %	Standard Chartered	17 %
Consolidated Credits	17 %	Trade Dev. Bank	17 %
Corinthian Secs.	17 %	Trustee Savings Bank	17 %
The Cyprus Popular Bk.	17 %	Twentieth Century Bk.	17 %
Duncan Lawrie	17 %	United Bank of Kuwait	17 %
Eagil Trust	17 %	Whiteaway Laidlaw	17½%
E. T. Trust Limited	17 %	Williams & Glyn's	17 %
First Nat. Fin. Corp.	18½%	Yorkshire Bank	17 %
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

NEW LIFE BUSINESS

Life business buoyant at Friends' Provident

BUOYANT WORLDWIDE life business is reported for 1979 by the Friends' Provident Life Office with new annual premiums up by 29 per cent from £21.2m to £27.3m and single premiums 32 per cent higher from £8.8m to £11.6m. New sums assured worldwide passed the £1bn mark, reaching £1.06bn against £854m for 1978.

Sales of individual policies in the UK and the Republic of Ireland were maintained at the high level achieved in 1978 with new annual premiums totalling £10.9m against £10.7m previously. The company's three main with-profits savings plans, Maximdowment, and the two flexible endowments, sold well during a year when the traditional savings market was dull. Self-employed business doubled in 1979 from £260,000 to £480,000, in contrast to other life companies—a satisfactory rise in a sector that Friends' Provident only entered in 1976.

Group pensions business last year remained good, with new annual premiums at £9.5m against £7m in 1978. Executive pensions premiums improved by 19 per cent from £2.31m to £2.75m, while the growth in company pensions last year was an extension of the 1978 boom, in that the company continued to review and extend schemes. New premiums to the Managed Pension Fund increased fourfold from £600,000 in 1978 to £2.5m last year.

Permanent Health Insurance business remained steady last year, with new annual premiums on ordinary business up from £320,000 to £350,000 and on group business from £310,000 to £320,000. New PHI sums insured per annum amounted to £39.2m against £40.2m in 1978.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Ailsa Investment Trust, Hogg Robinson, Hollas, Imry Property.

Finals—Camford Engineering, M and G Dual Trust, McCorquodale, R.F.D., Westland Aircraft.

FUTURE DATES

Interims—	
Benn Brothers	Feb. 6
Centreway Trust	Jan. 10
Finals—	
Alexanders Discount	Jan. 21
Imperial Group	Feb. 14
Kitchen (Robert Taylor)	Jan. 15
Lincroft Kilgour	Jan. 22

PROVIDENT LIFE LONDON

The Provident Life Association of London reports new annual premiums on ordinary life assurance contracts advancing by 9 per cent in 1979 from £2.13m to £2.32m, with sums assured of £136m compared with £164m.

A substantial part of this business was mortgage orientated, boosted by the company's involvement in the top up mortgage market. The lower sums assured reflect the company's marketing strategy to expand the endowment business and cut out unprofitable whole life and protection contracts.

Pension and annuity business declined in 1979 after the abnormally high level of 1978. New annual premiums were cut by 40 per cent from £1.24m to £716,000 and single premiums by one-third from £604,000 to £395,000.

Equitable Life shows 13% growth

STRONG GROWTH in most life and pensions fields is reported for 1979 by The Equitable Life Assurance Society, with new annual premiums up by 13 per cent from £18.2m to £20.6m.

The company's ordinary life and endowment business saw annual premiums rise by over 20 per cent from £2.2m to £2.7m, much of this business being traditional with-profits savings schemes. The company also recorded a 13 per cent advance in annual premiums on self-employed pension contracts from £6.2m to £7m.

Most other life companies have been recording a drop in this type of business in a dull market.

Individual pensions for directors and executives remained buoyant with new annual premiums 20 per cent higher at £5.3m against £4.4m.

In the group pensions field, the company maintained the growth in premiums seen in the previous year, with new annual premiums unchanged at £4.9m. The company, which does not pay commission to intermediaries, experienced a strong growth in voluntary contribution plans dealing with the major pension consultants.

However, single premiums business fell slightly from £12.9m to £12.2m. The business arising from the company's own staff remained steady, but it does a considerable amount of group business arising from pension consultants and consulting actuaries, and this business is variable.

Mr. Ken Wills, the marketing manager, pointed out that in 1974 the company embarked on a five-year plan to replace the income lost when the Federated Superannuation System for Universities moved to a self-administered scheme.

Premiums income has risen nearly fivefold over the period, so the re-adjustment has taken place successfully.

Scottish Equitable expansion

A SUCCESSFUL year for ordinary life assurance business is reported by the Scottish Equitable Life Assurance Society with new annual premiums up by 50 per cent in 1979 from £2m to £3m. The company's two investment contracts, Chequeplan and Flexplan proved extremely popular.

But new annual premiums for pensions business declined 7 per cent from £12.5m to £11.6m—1978 being a particularly good year for pensions business. Self-employed pension premiums dropped by 30 per cent to £1.2m (£1.7m), but executive pensions held up during the year, boosted by the response to the Society's new small self-administered scheme launched towards the end of last year.

Single premium business last year nearly doubled to £21.4m, against £12.2m, most of this increase coming from the sales of the single premium Investment Bond, which attracted £7.8m. Sales of immediate annuities held steady at £4.9m while buoyant business was recorded in single premium self-employed, executive pension and deposit administration pensions contracts.

Contributions last year to the Managed Pension Fund amounted to £1.7m.

YORKSHIRE GENERAL

New sums assured passing the £1bn mark for the first time were achieved by the Yorkshire-General Life Assurance, the life company of the General Accident Group. These amounted to £1.05bn against £899m in 1978.

New immediate annuities remained unchanged at £800,000 and new deferred annuities improved by 15 per cent from £18.8m to £21.6m. Permanent health benefits rose marginally to £4.4m (£4.3m).

New annual premiums, however were only slightly higher in 1979, at £8.7m compared with £8.6m. Ordinary life business showed an improvement at £3.8m (£3.5m), but this was offset by a decline in pensions business from £5m to £4.8m.

Annual premiums for permanent health rose from £110,000 to £130,000 while immediate annuity considerations and non-recurring single premiums were unchanged at £6.3m.

Mr. Norman Graham, the general manager and actuary of Yorkshire-General, stated that the company's expectations for 1979 were generally realised, with increased new business in most areas and a marked upturn in the last quarter of the year.

With-profits policies and all forms of straight cover continued to make good gains, but basic non-profit policies were disappointing. Pension schemes continued to feature well, but there had been a falling-off in self-employed business.

MINING NEWS

Expansion plans at the Gold Fields mines

BY KENNETH MARSTON, MINING EDITOR

FRESH record profits have been achieved by the South African gold mines in the Consolidated Gold Fields group during the December quarter of 1979 in line with the advancing price of bullion. Clearly, the further rise that has occurred in the price has set the producers on an even higher earnings course in the current quarter.

Meanwhile, four of them are considering extending their operations. For Libanon and Doornfontein this amounts to the creation of new mines within the existing operations. Their operating lives should thus be extended significantly but financing from profits the cost of the extensions will dampen dividends, especially in the case of Libanon.

The average gold price received during the December quarter amounted to $400 per ounce compared with $310 in the previous three months. Group gold production declined by 2.4 per cent in the quarter owing to the trend towards mining lower grade ore while costs increased modestly by 1.9 per cent. The group's workin gprofits, however, advanced by 34 per cent to R332m (£170m).

All the mines have boosted net profits in the past quarter, but increases are most marked in the cases of the morem arginal producers. Venterspost has again made a particularly impressive performance, doubling its earnings from the high level achieved in the September quarter.

The average gold prices received by the industry in the four quarters of 1979 amounted to $240, $280, $310 and $400 respectively compared with the average for all of 1978 of just under $200. As a result, East Driefontein's total net profit for 1979 has risen above R100m for the first time to R144.3m from R97.7m.

Of the lower grade mines, Vlakfontein has done well and intends to consider making a further repayment of capital when the audited accounts for 1979 are available. The group's newest mine, the R150m Deelkraal, completed its trial milling in December and is now in production proper.

The latest quarterly net profits of the mines are compared in the following table.

	Dec. qtr. R000s	Sept. qtr. R000s	June qtr. R000s
Doornfontein	8,234	5,754	5,401
East Driefontein	48,506	36,715	30,851
Kloof	27,896	20,447	16,318
Libanon	9,431	6,830	5,995
Venterspost	4,011	2,010	†831
Vlakfontein	671	406	407
West Driefontein	44,740	36,951	29,442

† After receipt of State aid.

The application by Gold Fields of South Africa for a new lease to cover both the existing lease area of Doornfontein and the area held under option by the mine, adjoining its southern boundary, has been withdrawn. Instead a new application has been made by GFSA for a lease to cover the option area only.

If the application is granted the new lease will be merged with Dornfontein's existing lease area. This will result in the mine's total merged lease having a more favourable tax and lease payment formula. Venterspost has decided to resume exploration of the previously disappointing Middelvlei area which adjoints the mine's northern boundary.

Libanon has now decided to go ahead with the sinking of its new No. 4 shaft which, together with other planned capital works over the five years to June 1984, will require some R118m in 1979 money terms.

The mine has purchased the mining rights over 118 hectares of farm Libanon 283 adjoining its north-eastern boundary and now owns all the precious metal rights over some 569 hectares to the east of the existing mine and to the north of Kloof's property. The new shaft will give access to this new area — or new mine — of Libanon, but its cost will mean continued dividend restraint.

Kloof has found that a band of the lower Elsburg reefs on its property has given an average value of a modest 5.6 grammes gold per tonne over a reef width (thickness) of 248 centimetres. This meterial will be worth mining in conjunction with the mine's higher grade ore and arrangements have been made to extract the reef on a selective basis. But it will not be a big operation.

LOWER OUTPUT AT AYER HITAM

December production of tin concentrates by the Far Eastern mines in the Malaysia Mining Corporation showed a marginal decline to 1,516 tonnes compared with November's total output of 1,529 toones.

The shortfall mainly reflected a substantial decline in output at Ayer Hitam where production fell to 124 tonnes compered with 189 tonnes in November; the company's No. 1 dredge was shut down from December 11 to December 21 in preparation for mining a new area.

Thus, Ayer Hitam's output of 976 tonnes for the six months to end-December is lagging behind the 1,182 tonnes produced in the same period of last year.

Output also fell last month at Malayan Tin. However, the six months total of 1,805 tonnes to end-December remains well up on the 1,578 tonnes produced in the same period in 1978-79.

Southern Kinta's output dropped to 110 tonnes against 125 tonnes produced in November; the Bernam No. 2 dredge was shut down on December 17 for approximately six weeks to allow for river crossing and major repairs.

On the other side of the coin good improvements in production were achieved by Berjuntai and Southern Malayan. The former increased output to 344 tonnes compared with 299 tonnes in November despite the closure of the No. 6 dredge on Decmeber 24 for around two weeks for major repairs.

However, total outpot of 2,547 tonnes for the eight months to the end of December is still below the 2,797 tonnes produced in the eight months to the end of 1978.

Comparative production figures for the MMC group mines are detailed in the accompanying table.

	Dec. tonnes	Nov. tonnes	Oct. tonnes
Aokam	184	148	154
Ayer Hitam	124	189	145
Berjuntai	344	299	322
Kamunting	14	19	48
Kramat	34	11	5
Kuala Kampar	20	20	20
Lower Perak	21	16	16
Malayan	268	302	292
S. Kinta Cons.	110	125	123
Sth. Malayan	199	177	186
Sungei Besi	187	171	162
Tongkah Harb.	41	33	25
Tronoh Mines	164	167	192

BONUS DECLARATIONS

Medical Sickness increases its rates

HIGHER RATES of reversionary bonus for 1979 beve been declared by the Medical Sickness Society on personal pension policies. For contracts taken out on or after April 1, 1977, the new rate is £5.50 per cent of the basic benefit and attaching bonuses against £5 per cent in 1978.

On contracts where the pensions become payable during 1980, a vesting bonus will be paid, based on the total pension, including attaching bonuses. For pensions vesting at age 70, the 1980 vesting bonus will be 47 per cent.

On personal pension policies taken out before April, 1977, the bonus is unchanged on policies where the pension has not yet started, remaining at £6.50 per cent compound. But where pensions have commenced prior to December 31, 1979, the bonus is lifted from £3 to £4.50 per cent of the pension paid. For pensions starting in 1980, e vesting bonus of 30 per cent is being paid.

However, on ordinary with-profit assurances, the reversionary bonus for 1979 is left unchanged at £4.30 per cent compound, while the terminal bonus on claims in 1980 remains at 25 per cent of existing bonuses.

The Society, a leader in long-term sickness insurance, is keeping its bonus rate scale and terminal bonuses unchanged. But it is introducing a special bonus on long-term claims of two weeks benefit, where a claim has been paid continuosly during 1979, and one weeks beoefit if the claim was paid over the second half of the year.

Also, on personal pension contracts, the company is increasing the additional bonus paid when the contract vests and the pension becomes payable from 5 per cent to 15 per cent of attaching bonuses or bonus interest allotted.

On ordinary life assurance contracts, the interim rate of reversionary bonus remains unchanged et £3.75 per cent per annum of the sum assured and attaching bonuses.

The final bonus, payable on death or maturity claims, is kept unaltered for 1980, except for policies taken out after 1975, where it is being increased. The rate for all policies is now £1 per cent of the sum assured and attaching bonusea for each year of participation.

The next full declaration will be for the three years ending December 31, 1980.

PROVIDENT MUTUAL

HIGHER RATES of interim bonus on with-profit pension contracts have been declared by the Provident Mutual Life Assurance Association. On personal pension contracts the rate is lifted from 8 per cent to 8¼ per cent compound. On individual and main series group deferred annuities, the rate is improved from 8¼ per cent to 9 per cent.

SCOTTISH PROVIDENT

A substantial increase in 1980 on the interim reversionary bonus rate applicable to self-employed and executive pension schemes has been made by the Scottish Provident Institution. The new rate is lifted by 50p from £6.25 per cent to £6.75 per cent per annum of the basic benefit and attaching bonuses. The company declares full reversionary bonuses every three years, the next declaration covering the three years to December 31, 1980. This latest pensions' bonus rise is the second made by the company since the previous full declaration.

SPI has also improved its claims bonus paid on death and maturity claims for the older duration contracts. The new scale now varies from 1 per cent of the sum assured for policies taken out in 1969 to 30 per cent of the sum assured for those effected in 1939 or earlier. The previous scale ranged from 1 per cent for policies effected in 1966 to £65 per cent for 1939 or earlier cootracts. A modified scale applies to pre-1959 whole life policies.

31st JANUARY 1980 REDEMPTION

TRANSALPINE FINANCE HOLDINGS S.A.

U.S. $30,000,000 6¾% Loan 1982

REDEMPTION OF BONDS

Transalpine Finance Holdings S.A. announces that for the redemption period ending on 31st January 1980 it has purchased and cancelled bonds of the above loan for U.S.$1,125,000 nominal capital and tendered them to the Trustee.

The nominal amount of bonds to be drawn for redemption at par on 31st January 1980 to satisfy the Company's current redemption obligation is accordingly U.S.$1,600,000 and the nominal amount of this loan remaining outstanding after 31st January 1980 will be U.S. $5,475,000.

DRAWING OF BONDS

Notice is accordingly hereby given that a drawing of bonds of the above loan took place on 20th December 1979 attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when 1,600 bonds for a total of U.S.$1,600,000 nominal capital were drawn for redemption at par on 31st January 1980, from which date all interest thereon will cease.

The following are the numbers of the bonds drawn:

000026	000056	000094	000097	000163	000169	000171	000172	000288	000377	000390	000426	000429	000430	000516	000528	000529	000604	000605	000606
000607	000609	000645	000654	000655	000761	000768	000769	000774	000783	000785	000787	000788	000789	000797	000805	000810	000835	000836	000837
000838	001350	001424	001435	001455	001602	001638	001873	001972	001990	001997	002042	002167	002170	002174	002183	002184	002190	002200	002209
002211	002212	002227	002229	002236	002239	002240	002241	002248	002251	002255	002258	002323	002325	002335	002347	002368	002370	002371	002372
002374	002378	002441	002443	002444	002454	002457	002458	002460	002470	002472	002482	002486	002500	002505	002514	002525	002540	002553	002558
002624	002626	002628	002630	002643	002700	002704	002710	002757	002833	002835	002859	002860	002862	002872	002880	003087	003118	003121	003239
003258	003293	003296	003301	003305	003306	003317	003323	003324	003329	003357	003366	003379	003381	003382	003388	003402	003411	003418	003431
003433	003471	003508	003532	003536	003544	003572	003623	003637	003643	003650	003671	003684	003687	003690	003691	003692	003803	003811	003820
003831	003842	003844	003858	003859	003873	003875	003911	003938	003940	003946	004000	004001	004009	004023	004072	004075	004084	004103	004121
004145	004150	004157	004159	004181	004182	004194	004207	004208	004218	004220	004221	004249	004302	004304	004349	004354	004358	004365	004366
004370	004374	004381	004386	004387	004389	004427	004435	004445	004450	004451	004453	004454	004460	004481	004482	004494	004495	004503	004523
004527	004528	004545	004569	004571	004590	004591	004611	004665	004673	004674	004686	004709	004722	004740	004749	004771	004773	004795	004802
004810	004821	004824	004826	004864	004867	004873	004896	004900	004906	004913	004924	004929	005063	005069	005074	005075	005077	005099	005264
005309	005341	005344	005345	005357	005361	005364	005365	005379	005389	005392	005394	005395	005401	005402	005410	005411	005418	005424	005425
005445	005446	005477	005571	005584	005596	005599	005601	005664	005671	005736	005748	005749	005750	005764	005771	005773	005775	005779	005792
005796	005861	005884	005888	005900	005907	005921	005930	005961	005983	005984	006012	006026	006039	006067	006068	006076	006077	006102	006131
006139	006241	006246	006285	006329	006357	006358	006360	006370	006373	006377	006383	006546	006561	006861	006871	006872	006886	006895	006897
006918	006944	006955	006957	006961	006964	007071	007074	007075	007101	007109	007126	007138	007152	007164	007169	007172	007177	007190	007197
007198	007201	007206	007220	007238	007239	007241	007246	007273	007274	007275	007284	007285	007289	007292	007304	007316	007318	007330	007383
007390	007398	007403	007408	007415	007455	007459	007472	007480	007485	007495	007510	007511	007519	007616	007674	007775	007778	007780	007784
007804	007809	007816	007822	007840	007878	007903	007915	007918	007932	007934	007935	007971	008085	008086	008091	008135	008284	008285	008302
008323	008327	008331	008342	008343	008363	008366	008392	008395	008396	008398	008401	008404	008406	008419	008420	008428	008487	008560	008570
008589	008598	008601	008629	008636	008671	008707	008708	008709	008715	008725	008730	008731	008809	008837	008858	008860	009096	009119	009130
009131	009218	009231	009235	009243	009245	009251	009252	009291	009292	009309	009324	009326	009337	009339	009350	009374	009419	009428	009429
009432	009449	009452	009454	009465	009466	009470	009474	009476	009521	009523	009535	009544	009568	009571	009575	009576	009581	009609	009659
009665	009666	009673	009679	009681	009682	009684	009685	009686	009688	009690	009692	009709	009724	009725	009795	009841	009902	009906	009916
009952	009953	009964	009991	009992	009998	009999	010026	010033	010137	010139	010146	010186	010277	010282	010290	010303	010320	010322	010325
010326	010346	010351	010352	010354	010388	010411	010418	010417	010477	010481	010489	010490	010510	010519	010534	010543	010557	010585	010592
010694	010951	011005	011007	011008	011009	011032	011128	011134	011332	011381	011382	011391	011394	011400	011452	011499	011527	011582	011638
011642	011651	011802	012236	012532	012537	012552	012553	012556	012575	012576	012594	012598	012599	012606	012607	012614	012619	012679	012701
[illegible]																			
028296	028398	028401	028405	028407	028409	028411	028423	028447	028464	028465	028488	028494	028495	028499	028510	028511	028535	028543	028555
028556	028557	028558	028559	028560	028572	028586	028592	028594	028595	028600	028603	028621	028623	028643	028648	028658	028662	028674	028678
028689	028692	028696	028698	028721	028724	028728	028737	028739	028748	028757	028762	028772	028780	028821	028823	028876	029104	029105	029120
029136	029146	029151	029153	029156	029159	029167	029180	029182	029184	029194	029212	029278	029422	029424	029429	029430	029463	029484	029577
029580	029581	029583	029592	029598	029614	029638	029666	029669	029674	029685	029891	029910	029917	029919	029925	029941	029946	029987	029995

Witness: K. F. G. Baker, Notary Public.

The above bonds may be presented for payment of the proceeds of redemption at par on or after 31st January 1980 at the offices of the paying agents named on the coupons in the manner specified in Condition 5 of the Terms and Conditions of the Loan printed on the bonds. Each of these bonds when presented for redemption must bear the coupon dated 31st January 1981, and subsequent coupon, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU.

9th January 1980

Gold Fields Group

DECEMBER QUARTERLIES

All companies mentioned are incorporated in the Republic of South Africa

DOORNFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 9,828,000 shares of R1 each, fully paid.

OPERATING RESULTS:	Qtr. ended 31/12/1979	*Qtr. ended 30/9/1979*	6 mths ended 31/12/1979
Gold:			
Ore milled (t)	360,000	*360,000*	720,000
Gold produced (kg)	3,024.0	*3,024.0*	6,048.0
Yield (g/t)	8.4	*8.4*	8.4
Price received (R/kg)	10,364	*8,386*	9,375
Revenue (R/t milled)	87.47	*70.66*	79.07
Cost (R/t milled)	36.10	*35.20*	35.65
Profit (R/t milled)	51.37	*35.46*	43.42
Revenue (R000's)	31,490	*25,438*	56,928
Cost (R000's)	12,996	*12,671*	25,667
Profit (R000's)	18,494	*12,767*	31,261
FINANCIAL RESULTS (R000's):			
Working profit: Gold	18,494	*12,767*	31,261
Net sundry revenue	695	*571*	1,266
Profit before taxation and State's share of profit	19,189	*13,338*	32,527
Taxation and State's share of profit	10,955	*7,584*	18,539
Profit after taxation and State's share of profit	8,234	*5,754*	13,988
Capital expenditure	1,771	*1,394*	3,165
Loan levy	687	*478*	1,165
Dividend	1,966	—	1,966

DIVIDEND: A dividend (No. 46) of 20 cents (10.88649p) per share was declared on 11 December 1979, payable to members on or about 5 February 1980.

CAPITAL EXPENDITURE: The estimated capital expenditure for the current financial year is R15.8 million. The unexpended balance of authorised capital expenditure at 31 December 1979 was R73.1 million.

PROPOSED EXTENSION TO MINING LEASE AREA: In the Chairman's Review dated 24 August 1979, members were informed that Gold Fields of South Africa Limited ("GFSA") had made application for a new mining lease to encompass both this company's existing mining lease area, of which notice of abandonment had been given, and the option area adjoining the southern boundary of the mine, subject to the new lease, when granted, being ceded to this company. At the request of the authorities, the notice of abandonment and the application for a new lease in respect of the combined area have been withdrawn, and a fresh application has been made by GFSA for a lease to cover the option area only. The company has applied for the new lease, if and when it is granted, to be merged with this company's existing leases with the result that the merged lease will have a lower formula than the existing formula. The agreement with GFSA, in terms of which this company has the right to purchase the mineral rights over the option area, has been extended to 31 March 1980.

DEVELOPMENT:			
Carbon Leader			
Advanced (m)	3,883	*3,373*	7,256
Sampling results:			
Sampled (m)	898	*610*	1,508
Stope width (cm)	106	*106*	105
Av. value: gold (g/t)	14.1	*14.3*	14.2
cm.g/t	1,481	*1,516*	1,491
Main Reef			
Advanced (m)	789	*1,041*	1,830
Sampling results:			
Sampled (m)	210	*524*	734
Stope width (cm)	114	*120*	116
Av. value: gold (g/t)	9.8	*7.6*	8.2
cm.g/t	1,129	*912*	968

On behalf of the board

C. T. Fenton, A. M. D. Gnodde — Directors

8 January 1980

VENTERSPOST GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 5,050,000 shares of R1 each, fully paid.

OPERATING RESULTS:	Qtr. ended 31/12/1979	*Qtr. ended 30/9/1979*	6 mths ended 31/12/1979
Gold:			
Ore milled (t)	322,000	*327,000*	649,000
Gold produced (kg)	1,657.2	*1,576.1*	3,233.3
Yield (g/t)	5.1	*4.8*	5.0
Price received (R/kg)	11,033	*8,390*	9,745
Revenue (R/t milled)	57.11	*40.59*	48.79
Cost (R/t milled)	32.73	*31.78*	32.25
Profit (R/t milled)	24.38	*8.81*	16.54
Revenue (R000's)	18,389	*13,274*	31,663
Cost (R000's)	10,539	*10,392*	20,931
Profit (R000's)	7,850	*2,882*	10,732
FINANCIAL RESULTS (R000's):			
Working profit: Gold	7,850	*2,882*	10,732
Profit on sale of pyrite	210	*194*	404
Recovery under loss of profits insurance	—	*481*	481
Net sundry revenue	238	*238*	476
Profit before taxation	8,298	*3,795*	12,093
Taxation	4,287	*1,785*	6,072
Profit after taxation	4,011	*2,010*	6,021
Capital expenditure	29	*22*	51
Loan levy	428	*177*	605
Dividend	3,283	—	3,283

DIVIDEND: A dividend (No. 79) of 65 cents (35.38106p) per share was declared on 11 December 1979, payable to members on or about 5 February 1980.

CAPITAL EXPENDITURE: The estimated capital expenditure for the current financial year is R1.6 million. The unexpended balance of authorised capital expenditure at 31 December 1979 was R69,000.

MIDDELVLEI PROJECT: Although the results from the initial prospecting carried out some years ago in the Middelvlei area were disappointing, and work in the area was discontinued in 1976 because of the comparatively low gold price prevailing at that time, it has now been decided, because of the improved financial position of the company, to resume the exploration programme in that area. No. 4 Level is being re-equipped for this purpose.

OPERATIONS: Production was adversely affected by a high seasonal turnover of black labour.

DEVELOPMENT:			
Main Reef			
Advanced (m)	1,128	*1,452*	2,580
Sampling results:			
Sampled (m)	500	*484*	984
Stope width (cm)	169	*101*	160
Av. value: gold (g/t)	4.9	*3.9*	4.4
cm.g/t	828	*589*	704
Ventersdorp Contact Reef			
Advanced (m)	94	*63*	157
Sampling results:			
Sampled (m)	2	*Nil*	2
Stope width (cm)	144	—	144
Av. value: gold (g/t)	2.4	—	2.4
cm.g/t	346	—	346

On behalf of the board

C. T. Fenton, G. R. van Rooyen — Directors

8 January 1980

VLAKFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 6,000,000 shares of 80 cents each, fully paid.

OPERATING RESULTS:	Qtr. ended 31/12/1979	*Qtr. ended 30/9/1979*	Year ended 31/12/1979
Gold:			
Ore milled from surface dumps (t)	180,000	*175,000*	715,000
Gold produced (kg)	211.2	*201.3*	857.5
Yield (g/t)	1.2	*1.2*	1.2
Price received (R/kg)	10,928	*8,357*	8,201
Revenue (R/t milled)	12.86	*9.63*	9.87
Cost (R/t milled)	5.58	*5.54*	5.20
Profit (R/t milled)	7.28	*4.09*	4.67
Revenue (R000's)	2,314	*1,686*	7,055
Cost (R000's)	1,004	*970*	3,713
Profit (R000's)	1,310	*716*	3,342
FINANCIAL RESULTS (R000's):			
Working profit: Gold	1,310	*716*	3,342
Net sundry revenue	140	*144*	592
Profit before taxation	1,450	*860*	3,934
Taxation:			
Formula tax	722	*404*	1,898
Non-mining tax	35	*37*	147
Excess recoupments tax	22	*13*	75
Profit after taxation	671	*406*	1,814
Capital expenditure recoupments (net)	17	*9*	68
Loan levy	72	*42*	195
Loan levy refunds	—	—	172
Dividend	1,200	—	1,200
Capital Repayment	—	—	600

DIVIDEND: A dividend (No. 71) of 20 cents (10.88649p) per share was declared on 11 December 1979, payable to members on or about 5 February 1980.

Consideration will be given to a further repayment of capital when the audited accounts for the year become available.

CAPITAL EXPENDITURE: There were no capital expenditure commitments at 31 December 1979.

On behalf of the board

C. T. Fenton, G. R. van Rooyen — Directors

8 January 1980

WEST DRIEFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 14,062,160 shares of R1 each, fully paid.

OPERATING RESULTS:	Qtr. ended 31/12/1979	*Qtr. ended 30/9/1979*	6 mths ended 31/12/1979
Gold:			
Ore milled (t)	675,000	*675,000*	1,350,000
Gold produced (kg)	12,711.4	*12,883.0*	25,594.4
Yield (g/t)	18.8	*19.1*	19.0
Price received (R/kg)	10,670	*8,476*	9,565
Revenue (R/t milled)	201.93	*162.19*	182.06
Cost (R/t milled)	32.91	*32.85*	32.88
Profit (R/t milled)	169.02	*129.34*	149.18
Revenue (R000's)	136,304	*109,477*	245,781
Cost (R000's)	22,216	*22,170*	44,386
Profit (R000's)	114,088	*87,307*	201,395
Uranium Oxide:			
Pulp treated (t)	302,269	*313,400*	615,669
Oxide produced (kg)	71,299	*74,657*	145,956
Yield (kg/t)	0.236	*0.238*	0.237
FINANCIAL RESULTS (R000's):			
Working profit: Gold	114,088	*87,307*	201,395
Profit on sale of Uranium Oxide and Sulphuric Acid	2,345	*9,417*	11,762
Net sundry revenue	2,724	*3,313*	6,037
Profit before taxation and State's share of profit	119,157	*100,037*	219,194
Taxation and State's share of profit	74,417	*63,086*	137,503
Profit after taxation and State's share of profit	44,740	*36,951*	81,691
Capital expenditure	3,120	*2,559*	5,679
Loan levy	0,091	*4,329*	9,420
Dividend	42,246	—	42,246

DIVIDEND: A dividend (No. 54) of 300 cents (163.29730p) per share was declared on 11 December 1979, payable to members on or about 5 February 1980.

CAPITAL EXPENDITURE: The estimated capital expenditure for the current financial year is R15.4 million. The unexpended balance of authorised capital expenditure at 31 December 1979 was R27.8 million.

CAPITAL WORKS: Excavation of the 4 Level pumping layout at No. 2 Shaft has commenced, while that on 12 Level is approaching completion. Construction work on the 26 Level pump station at No. 6 Sub-Vertical Shaft is in progress.

DEVELOPMENT:			
Carbon Leader			
Advanced (m)	5,131	*4,810*	9,946
Sampling results:			
Sampled (m)	476	*372*	848
Stope width (cm)	108	*120*	113
Av. value: gold (g/t)	15.1	*25.0*	19.7
cm.g/t	1,631	*3,000*	2,226
Ventersdorp Contact Reef			
Advanced (m)	1,665	*1,652*	3,317
Sampling results:			
Sampled (m)	300	*396*	696
Stope width (cm)	201	*191*	195
Av. value: gold (g/t)	10.9	*9.0*	10.1
cm.g/t	2,191	*1,815*	1,970
Main Reef			
Advanced (m)	5	*39*	44
Sampled (m)	Nil	*Nil*	Nil

On behalf of the board

A. Louw, C. T. Fenton — Directors

8 January 1980

LIBANON GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 7,937,300 shares of R1 each, fully paid.

OPERATING RESULTS:	Qtr. ended 31/12/1979	*Qtr. ended 30/9/1979*	6 mths ended 31/12/1979
Gold:			
Ore milled (t)	420,000	*420,000*	840,000
Gold produced (kg)	2,999.8	*3,150.0*	6,149.6
Yield (g/t)	7.1	*7.5*	7.3
Price received (R/kg)	10,341	*8,191*	9,240
Revenue (R/t milled)	74.31	*61.63*	67.97
Cost (R/t milled)	30.31	*29.40*	29.86
Profit (R/t milled)	44.00	*32.23*	38.11
Revenue (R000's)	31,210	*25,884*	57,094
Cost (R000's)	12,731	*12,349*	25,080
Profit (R000's)	18,479	*13,535*	32,014
FINANCIAL RESULTS (R000's):			
Working profit: Gold	18,479	*13,535*	32,014
Net sundry revenue	669	*623*	1,292
Profit before taxation and State's share of profit	19,148	*14,158*	33,306
Taxation and State's share of profit	9,717	*7,328*	17,045
Profit after taxation and State's share of profit	9,431	*6,830*	16,261
Capital expenditure	2,795	*1,540*	4,335
Loan levy	763	*580*	1,343
Dividend	3,969	—	3,969

DIVIDEND: *A dividend (No. 58) of 50 cents (27.21622p) per share was* declared on 11 December 1979, payable to members on or about 5 February 1980.

CAPITAL EXPENDITURE: The estimated capital expenditure for the current financial year is R19.7 million. The unexpended balance of authorised capital expenditure at 31 December 1979 was R60.8 million.

SHAFT SINKING:
No. 2 Sub-Vertical Shaft: The shaft was sunk 92 metres to a depth of 1,190 metres below collar.
No. 1A Service Shaft: The shaft has been sunk to its final depth on 30 Level, which is being excavated.
No. 2A Service Shaft: Excavation of the headgear portion of the shaft and the hoist chambers is continuing preparatory to sinking.

PROPOSED NO. 4 SHAFT: Members were informed, in the Chairman's Review dated 24 August 1979, that a proposal to sink a new surface shaft in the vicinity of No. 2 Sub-Vertical Shaft (to be renamed No. 4 Sub-Vertical Shaft), to serve that shaft and also No. 1 Sub-Vertical Shaft, was being investigated. The investigation has been completed and, because of the considerable benefits that would be provided, it has been decided to sink the shaft, to be named No. 4 Shaft. The total capital expenditure on *this and other planned capital works over the five-year period ending* 30 June 1984 is estimated at R116 million in 1979 money terms.

PURCHASE OF MINERAL RIGHTS: The company has purchased, from Gold Fields of South Africa Limited, the rights to precious metals in respect of an area of approximately 119 hectares of the farm Libanon 283 I.Q. adjoining the north-eastern boundary of the mining *lease* area, for a consideration of R285,000 payable in cash on transfer of these rights. The company now owns all the precious metal rights over approximately 589 hectares lying to the east of the existing mine and to the north of the Kloof mine.

DEVELOPMENT:			
Main Reef			
Advanced (m)	3,401	*3,087*	6,482
Sampling results:			
Sampled (m)	900	*584*	1,484
Stope width (cm)	138	*138*	138
Av. value: gold (g/t)	4.5	*5.2*	4.8
cm.g/t	621	*716*	662
Ventersdorp Contact Reef			
Advanced (m)	1,421	*1,503*	2,924
Sampling results:			
Sampled (m)	184	*216*	400
Stope width (cm)	154	*145*	150
Av. value: gold (g/t)	12.9	*5.6*	9.1
cm.g/t	1,987	*816*	1,365
Elsburg Reef			
Advanced (m)	532	*646*	1,178
Sampling results:			
Sampled (m)	74	*94*	168
Stope width (cm)	207	*262*	238
Av. value: gold (g/t)	7.4	*3.6*	5.1
cm.g/t	1,532	*943*	1,218
Kimberley Reef			
Advanced (m)	62	*189*	251
Sampling results:			
Sampled (m)	Nil	*22*	22
Stope width (cm)	—	*145*	145
Av. value: gold (g/t)	—	*4.2*	4.2
cm.g/t	—	*609*	609

On behalf of the board

C. T. Fenton, A. J. Weideman — Directors

8 January 1980

NOTE:

Copies may be obtained from the United Kingdom Registrar: Close Registrars Limited, 803, High Road, Leyton, London, E10 7AA

DEELKRAAL GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 99,540,000 shares of 20 cents each, fully paid.

FINANCIAL (R000's):	Qtr. ended 31/12/1979	*Qtr. ended 30/9/1979*	Total since inception of company to 31/12/1979
Capital expenditure:			
Mining lease	—	—	1,800
Shafts	1,733	*1,805*	59,676
Other capital expenditure	6,174	*4,196*	80,632
	7,907	*6,001*	142,108
Sundry revenue	1,428	*431*	12,528
Taxation	127	*169*	4,612
Loan levy	12	*15*	526
Loan levy refund	—	—	2

TRIAL MILLING AND COMMENCEMENT OF PRODUCTION: Trial milling of low-grade ore was completed in December 1979. Gold revenue amounted to R1,118,000 which was credited to sundry revenue. Production commenced with effect from January 1980.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 December 1979 was R8.0 million.

CAPITAL WORKS:
No. 1 Sub-Vertical Shaft: The equipping of this shaft to its temporary final depth has been completed. The north man winder on 7 level has been *installed and is being tested.* Excavation of the south man winder chamber is in progress. The rock winder chamber has been completed and the installation of the rock winder has commenced. Raiseboring of waste passes is in progress.

DEVELOPMENT:	Qtr. ended 31/12/1979	*Qtr. ended 30/9/1979*	Year ended 31/12/1979
Ventersdorp Contact Reef			
Advanced (m)	4,473	*3,677*	13,880
Sampling results:			
Sampled (m)	1,038	*368*	1,488
Stope width (cm)	176	*162*	173
Av. value: gold (g/t)	3.9	*5.9*	4.3
cm.g/t	683	*996*	744
Deelkraal Reef			
Advanced (m)	508	*486*	1,234
Sampling results:			
Sampled (m)	378	*348*	906
Stope width (cm)	159	*152*	154
Av. value: gold (g/t)	4.1	*2.7*	3.2
cm.g/t	652	*410*	493

On behalf of the board

C. T. Fenton, A. Louw — Directors

8 January 1980

EAST DRIEFONTEIN GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 54,510,000 shares of R1 each, fully paid.

OPERATING RESULTS:	Qtr. ended 31/12/1979	*Qtr. ended 30/9/1979*	Year ended 31/12/1979
Gold:			
Ore milled (t)	630,000	*630,000*	2,470,000
Gold produced (kg)	11,897.2	*12,251.5*	46,391.3
Yield (g/t)	18.8	*19.4*	18.0
Price received (R/kg)	10,732	*8,233*	8,086
Revenue (R/t milled)	200.34	*160.69*	159.10
Cost (R/t milled)	31.42	*30.78*	30.04
Profit (R/t milled)	168.92	*129.91*	129.06
Revenue (R000's)	126,217	*101,236*	392,986
Cost (R000's)	19,794	*19,390*	74,196
Profit (R000's)	106,423	*81,846*	318,790
FINANCIAL RESULTS (R000's):			
Working profit: Gold	106,423	*81,846*	318,790
Net sundry revenue	2,912	*2,592*	10,206
Profit before taxation and State's share of profit	109,336	*84,438*	328,996
Taxation and *State's share of* profit	60,829	*47,723*	184,665
Profit after taxation and State's share of profit	48,506	*36,715*	144,331
Capital expenditure	0,522	*5,637*	24,218
Loan levy	4,530	*3,560*	13,771
Dividend	65,412	—	95,393

DIVIDEND: A dividend (No. 13) of 120 cents (65.31892p) per share was declared on 11 December 1979, payable to members on or about 5 February 1980.

CAPITAL EXPENDITURE: The unexpended balance of authorised capital expenditure at 31 *December* 1979 was R57.6 million.

SHAFTS:
No. 2 Sub-Vertical Shaft: Excavation of the headgear portion of the shaft has been completed and installation of the steelwork is in progress.
No. 1B Service Shaft: Sinking of the shaft has been completed and equipping is in progress.

DEVELOPMENT:			
Main Reef			
Advanced (m)	306	*583*	2,052
Sampling results:			
Sampled (m)	30	*126*	472
Stope width (cm)	267	*156*	200
Av. value: gold (g/t)	1.9	*4.7*	6.5
cm.g/t	507	*733*	1,300
Ventersdorp Contact Reef			
Advanced (m)	2,072	*2,344*	9,056
Sampling results:			
Sampled (m)	664	*1,092*	3,716
Stope width (cm)	132	*178*	161
Av. value: gold (g/t)	10.1	*36.6*	23.0
cm.g/t	1,333	*6,515*	3,703
Carbon Leader			
Advanced (m)	2,745	*2,825*	11,883
Sampling results:			
Sampled (m)	290	*280*	1,426
Stope width (cm)	122	*129*	125
Av. value: gold (g/t)	11.4	*7.0*	6.8
cm.g/t	1,391	*903*	850

ORE RESERVES AT 31 DECEMBER 1979: The following are the ore reserves calculated at a pay limit based on a gold price of R6,050 per kilogram:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	5,851,000	180	23.4	4,212
Main Reef	547,000	169	9.9	1,673
Carbon Leader	238,000	119	9.5	1,131
Combined Reefs	5,636,000	176	21.6	3,837

On behalf of the board

C. T. Fenton, A. M. D. Gnodde — Directors

8 January 1980

KLOOF GOLD MINING COMPANY LIMITED

ISSUED CAPITAL: 30,240,000 shares of R1 each, *fully* paid.

OPERATING RESULTS:	Qtr. ended 31/12/1979	*Qtr. ended 30/9/1979*	6 mths ended 31/12/1979
Gold:			
Ore milled (t)	530,000	*540,000*	1,070,000
Gold produced (kg)	7,975.7	*8,177.2*	16,152.9
Yield (g/t)	15.0	*15.1*	15.1
Price received (R/kg)	10,491	*8,185*	9,324
Revenue (R/t milled)	158.77	*124.38*	141.42
Cost (R/t milled)	35.52	*34.55*	35.03
Profit (R/t milled)	123.25	*89.83*	106.39
Revenue (R000's)	84,151	*67,163*	151,314
Cost (R000's)	18,826	*18,656*	37,482
Profit (R000's)	65,325	*48,507*	113,832
FINANCIAL RESULTS (R000's):			
Working profit: Gold	65,325	*48,507*	113,832
Net sundry revenue	1,573	*1,558*	3,131
Profit before taxation and State's share of profit	66,898	*50,065*	116,963
Taxation and State's share of profit	39,002	*29,618*	68,620
Profit after taxation and State's *share of profit*	27,896	*20,447*	48,343
Capital expenditure	4,025	*2,649*	6,674
Loan levy	2,905	*2,209*	5,114
Dividend	24,192	—	24,192

DIVIDEND: A dividend (No. 20) of 80 cents (43.54595p) per share was declared on 11 December 1979, payable to members on or about 5 February 1980.

CAPITAL EXPENDITURE: The estimated capital expenditure for the current financial year is R20 million. The unexpended balance of authorised capital expenditure at 31 December 1979 was R40.6 million.

SHAFTS:
No. 3 Sub-Vertical Shaft: Work preparatory to sinking of the shaft is still in progress.
No. 3A Service Shaft: The shaft was sunk 75 metres to a depth of 225 metres below collar. The excavation and support of 25 Level Station have been completed.

OPERATIONS: Production was adversely affected by a high seasonal turnover of black labour.

DEVELOPMENT:			
Ventersdorp Contact Reef			
Advanced (m)	6,792	*6,985*	13,777
Sampling results:			
Sampled (m)	84	*72*	156
Stope width (cm)	153	*147*	150
Av. value: gold (g/t)	17.8	*18.2*	18.0
cm.g/t	2,723	*2,675*	2,700

Kloof Reef: An investigation of a band of the lower Elsburg series, known as the Kloof Reef, which was previously exposed over a distance of 1,153 metres in airways and travelling ways developed between 24 Level and the Libanon mine boundary, has disclosed an average value of 5.6 grams per ton over a stoping width of 248 centimetres, equivalent to 1,389 centimetre-grams per ton. Arrangements are being made to mine this reef on a selective basis.

On behalf of the board

C. T. Fenton, A. M. D. Gnodde — Directors

8 January 1980

ISSUE NEWS

Emess Lighting backed by good track record

THE prospectus is published today in connection with the *placing of 36 per cent of the* issued share capital of Emess Lighting, a manufacturer and importer of domestic and commercial light fittings.

Emess is coming to the market through the reverse takeover of suspended Era Ring Mills. At an extraordinary meeting yesterday, Era shareholders agreed to acquire the whole of the issued share capital of Firstsquare Management—the principal asset of Emess—and change the name of the company to Emess Lighting.

It was also agreed that the capital of the company be increased from £146,000 to £500,000 by the creation of 1.38m ordinary 25p shares in order to acquire Firstsquare.

Stockbrokers Schaverian and Co. has arranged for the placing of 423,592 Emess ordinary shares at 80p per share, which puts a value on the company of £930,000. Asset backing is 46p per share.

For the year to end June, 1980 the directors forecast pre-tax profits of not less than £330,000 and *a dividend of at least 6p* net.

Dealings are expected to start next Monday.

● comment

Emess is joining the stock market with a good track record, having *increased* its profits from £28,000 in 1975 to £227,000 in 1979. Overall it is difficult to assess the UK market for domestic and commercial light fittings as the industry, which boasts few home-grown manufacturers, is highly fragmented. What is certain however is that Emess's market share is tiny, probably less than 1 per cent, so there is plenty of scope for an imaginative company to increase its penetration appreciably. The downturn in consumer spending is a cautionary factor and already there is evidence of discounting by the major department stores, an important outlet for Emess. This will naturally affect margins but the company argues that while recessionary *factors* will undoubtedly force the public to trade down, it is well represented at the bottom end of the spectrum. Market conditions make it difficult to speculate on an opening price but a minimum 10p premium above the placing price of 80p looks likely. At that level the shares *sell* on a fully-taxed p/e of 6.6 on the profits forecast while the prospective yield is 9.5 per cent.

Yearlings ease to 15⅜%

The coupon rate on this week's batch of local authority yearling bonds has eased slightly to 15⅜ per cent, against 15½ per cent a week ago. They are issued at par and are due on January 14, 1981.

The issues are: City of Kingston upon Hull (£1m), Chorley BC (£0.25m), Borough of Chesterfield (£0.25m), City of Dundee DC (£0.5m), Metropolitan Borough of Sandwell (£1m), West Wiltshire DC (£0.5m), Greater London Council (£2.5m), Tweeddale DC (£0.25m), City of Coventry (£1m), Erewash BC (£0.5m), Forest Heath DC (£0.5m), Greater Manchester Passenger Executive (£0.5m), Kirklees Metropolitan DC (£0.25m), Woodspring DC (£0.25m), London Borough of Hammersmith and Fulham (£0.5), Inverness DC (£0.25m), City of Durham (£0.25m), Midlothian DC (£0.25m), Borough of Scunthorpe £0.5m), Kennet DC (£0.25m) and Ynys Môn-Isle of Anglesey BC (£0.25m).

RIGHTS RESULT

Laganvale Estate announces that acceptances of the recent right issue amounted to 1,644,458 *shares (95.59 per cent).* Following the issue Mereghyll Investments holds 28 per cent of the equity.

Halma improves and expects record year

TAXABLE PROFITS of Halma, *safety and environmental* control engineer, improved from £510,273 to £607,426 in the six months to September 30, 1979, and the directors anticipate the full year's surplus will exceed the 1978-79 record of £1.13m.

Turnover for the half year went ahead slightly from £5.14m to £5.44m, and the profit is struck after adding interest receivable of £1,736 (£36,385 charge).

The interim dividend is effectively lifted from 0.399975p to 0.52p net—last year's final was an equivalent 0.638475p after adjustment for the one-for-three scrip issue.

After six months' tax of £315,862 (£265,342), minorities' profits of £2,835 (£1,572 loss) and a £3,579 extraordinary debit (£35,549 credit), earnings per 10p *share are shown up from 1.79p* to 1.95p.

The directors add that the cash position at the end of the six months was better than it was 12 months earlier.

M. MERCADO (GLASGOW)

We have been asked to point out that M Mercado (Glasgow) is not connected with M Mercado a carpet wholesaler which was *recently purchased by* Combined English Stores. M Mercado (Glasgow) is an independent trading company owned by the Shenkin family.

Investors Capital expands

WITH GROSS revenue of Investors Capital Trust increasing from £3.7m to £4.6m in the year to November 30, 1979, net revenue available also improved from £1.4m to £2.04m. The gross *figure* includes £360,474 from special non-recurring dividends.

This increased the available revenue by £252,332, which has been passed on to holders by a special dividend of 0.4p paid last October.

A final dividend of 1.35p (1.3p) net per 25p share makes a total of *2.9p (2p).*

Stated earnings per share are given as 3.3p against 2.26p. Net asset value is 98.8p (97.7p).

Peter Black shows first half advance

PRE-TAX profits of Peter Black Holdings, the Yorkshire footwear and luggage manufacturer, increased from £1.18m to £1.32m in the half-year to October 31, 1979. Sales from the group's diversified range of products increased from £13.34m to £15.83m.

In the last financial year the group reported a heavy demand for its Adidas leisure products and the expansion of the holiday industry resulted in increased production of lightweight zip suitcases. Group sales for the full year amounted to £26.6m, enabling it to achieve record pre-tax profits of £2.3m.

The net interim dividend is increased by 10.44 per cent from an adjusted 1.331p to 1.47p per 25p share, costing £117,600 (£106,480)—last year's total was equivalent to 3.85p.

After tax of £687,000 (£616,000) net profit came out at £634,000 (£568,000) giving earnings of *7.9p per share,* compared with 7.1p.

ICI CONVERSION

ICI states that holders of a further 1,411 $1,000 bonds have exercised their right of conversion into ICI ordinary stock. The number of bonds now outstanding is 55,465 representing $55,465,000.

Winterbottom Trust goes ahead 25%

Taxable revenue of The Winterbottom Trust expanded 25 per cent to £591,925 in the year to November 30, 1979 against £473,894.

Earnings per 25p share are up from a stated 5.69p to 7.73p, including 0.52p in respect of special oil company dividends.

The dividend is lifted from 5.6p to 7.5p with a final of 5.2p, and the net asset value is 269.3p (253.7p).

The Prudential Assurance Co and Equity and Law Life Assurance Society own 33.3 per cent and 31 per cent respectively of the trust's shares.

CURRENCIES, MONEY and GOLD

Dollar soft

THE DOLLAR lost ground in late trading to finish around its lowest point of the day against most major currencies, but firmer than Monday's closing levels. Central banks, including the U.S. Federal Reserve, probably intervened from time to time to assist the U.S. currency, which closed at DM 1.7135 against the D-mark, compared with DM 1.7080 previously; SwFr 1.5760 against the Swiss franc, compared with SwFr 1.5695; and FFr 4.0130 against the French franc, compared with FFr 4.0075.

The dollar's trade-weighted index, as calculated by the Bank of England, rose to 84.4 from 84.0.

Sterling was firmer in general, with its trade-weighted index, on Bank of England figures, rising to 70.9 from 70.8, after standing at 70.8 at noon and in the morning. The pound closed unchanged against the dollar at $2.2615-2.2625. It opened at $2.2560-2.2580, and fell to $2.2485-2.2495 during the morning. Good commercial demand pushed sterling to a best level of $2.2635-2.2650 in the afternoon.

D-MARK—Very strong against all currencies, showing further gains against members of the European Monetary System recently—At the Frankfurt fixing the D-mark lost ground against EMS currencies, sterling and the dollar. The U.S. currency rose to DM 1.7174 from DM 1.7103, and the Bundesbank did not intervene, while the pound rose to DM 3.8680 from DM 3.8470. Among EMS members, the French franc was fixed at DM 42.63 per 100 francs, compared with DM 42.67; the Italian lira at DM 2.137 per 1,000 lira, compared with DM 2.134; and the Dutch guilder at DM 90.56 per 100 guilders, compared with DM 90.435.

FRENCH FRANC—Strongest member of the EMS since late December—The franc fell against the dollar, sterling, Swiss franc, and members of the EMS at the Paris fixing. The dollar rose to FFr 4.0275 from FFr 4.0095; sterling to FFr 9.0285 from from FFr 9.02; the Swiss franc to FFr 2.5548 from FFr 2.5452; and the D-mark to FFr 2.3452 from FFr 2.3444.

ITALIAN LIRA — Weaker during last two months after trading at top of EMS throughout last summer—The lira gained ground against the D-mark and French franc at the Milan fixing, but declined against other EMS currencies. The D-mark fell to L467.76 from L468.39, and the French franc to L199.56 from L199.75. On the other band the Dutch guilder rose to L423.71 from L423.38; the Danish krone to L149.97 from L149.91; and the Irish punt to L1,728.5 from L1,727.5.

DUTCH GUILDER — Firmer in recent weeks, near top of EMS — The guilder improved against most of its EMS partners, but declined against the dollar, sterling and the Swiss franc at the Amsterdam fixing.

BELGIAN FRANC—Generally weakest member of EMS, but resists devaluation — The D-mark, French franc and Irish punt lost ground against the Belgian franc at the Brussels fixing, but other EMS currencies, plus the dollar sterling and Swiss franch improved.

DANISH KRONE — Basically weak, suffering two devaluations since EMS began last March — The krone declined against the dollar, sterling and Swiss franc, but was stronger against most EMS members and other Scandinavian currencies.

SWISS FRANC — Very firm generally, kept in line with D-mark—The dollar and sterling improved against the Swiss franc, but the yen and most members of the EMS declined.

THE POUND SPOT AND FORWARD

Jan. 8	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2485-2.2650	2.2615-2.2625	0.45-0.35c pm	2.12	1.20-1.10 pm	2.03
Canada	2.6275-2.6465	2.6445-2.6455	75-65c pm	3.17	1.85-1.75 pm	2.72
Nethlnd.	4.28-4.30	4.27½-4.28½	1½-½c pm	3.50	4⅞-3⅞ pm	4.09
Belgium	62.80-63.15	63.00-63.10	17-7c pm	2.28	38-28 pm	2.08
Denmark	5.3585-5.3815	5.3800-5.3815	¼ore pm-1½ dis	−0.74	2½-4½ dis	−1.24
Ireland	1.0430-1.0495	1.0470-1.0480	par-0.10p dis	−0.57	0.11-0.21dis	−0.61
W. Ger.	3.86-3.89½	3.87¾-3.88¾	3¼-2¼pf pm	8.51	7⅞-6⅞ pm	7.61
Portugal	111.30-112.30	111.90-112.20	15-65c dis	−4.28	40-140 dis	−3.21
Spain	148.50-149.50	149.35-149.45	45-95c dis	−5.62	105-205 dis	−4.15
Italy	1,803-1,816	1,814-1,815	5¾-7¾lira dis	−4.13	15½-18½ dis	−3.75
Norway	11.07-11.13	11.11½-11.12½	5-3ore pm	4.31	10½-8½ pm	3.51
France	9.05-9.11	9.07½-9.08½	3¼-2¼c pm	3.63	6¼-6¼ pm	2.75
Sweden	9.30½-9.37½	9.35½-9.36½	3½-1½ore pm	3.20	7½-5½ pm	2.78
Japan	525-533	530½-531½	4.35-4.05y pm	9.49	10.80-10.50pm	8.02
Austria	27.20-28.00	27.95-28.00	18-8gro pm	5.57	52-42 pm	6.72
Switz.	3.52½-3.58½	3.56-3.57	4¼-3¼c pm	12.62	9⅞-8⅞ pm	10.52

Belgian rate is for convertible francs. Financial franc 64.90-65.00. Six-month forward dollar 2.12-2.02c pm, 12-month 4.22-4.12c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 8	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2485-2.2650	2.2615-2.2625	0.45-0.35c pm	2.12	1.20-1.10 pm	2.03
Ireland†	2.1505-2.1530	2.1505-2.1515	0.50-0.40c pm	2.51	1.35-1.25 pm	2.42
Canada	1.1687-1.1709	1.1687-1.1690	0.11-0.07c pm	0.92	0.21-0.17 pm	0.65
Nethlnd.	1.8960-1.8990	1.8970-1.8985	0.35-0.25c pm	1.90	1.10-1.00 pm	2.21
Belgium	27.85-27.92½	27.85-27.87	2.2-1.2c pm	0.73	3-1 pm	0.29
Denmark	0.3585-5.3815	4.3600-5.3615	0.90-1.40ore dis	−2.57	4.50-5.00dis	−3.54
W. Ger.	1.7115-1.7220	1.7130-1.7140	1.00-0.90pf pm	6.65	2.63-2.53 pm	6.02
Portugal	49.58-49.70	49.60-49.70	15-25c dis	−3.63	45-75 dis	−4.83
Spain	66.06-66.10	66.06-66.06	25-40c dis	−5.90	75-95 dis	−5.14
Italy	802.75-803.70	802.75-803.25	3½-5¼lire dis	−6.72	21-23 dis	−10.96
Norway	4.9190-4.9260	4.9240-4.9250	1.35-0.85ore pm	2.68	2.70-2.20 pm	1.99
France	4.0180-4.0300	4.0180-4.0200	0.67-0.47c pm	1.55	0.70-0.65 pm	0.62
Sweden	4.1400-4.1416	4.1405-4.1416	0.80-0.60ore pm	2.03	1.25-1.05 pm	1.11
Japan	233.20-235.00	234.65-234.75	1.50-1.35y pm	7.28	3.60-3.45 pm	6.01
Austria	12.36-12.37¾	12.36¾-12.37¾	5.75-3.75gro pm	4.61	17.50-13.50pm	5.01
Switz.	1.5730-1.5840	1.5755-1.5785	1.39-1.31c pm	10.28	3.50-3.42 pm	9.78

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Switz. Jan. 7—Spread 1.5680-1.5800, Close 1.5690-1.5700.

CURRENCY RATES

Jan. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.589288	0.646324
U.S. $	12	1.32472	1.45004
Canadian $	14	1.54860	1.69078
Austria Sch.	3¾	16.2954	17.8500
Belgian F.	10½	36.8808	40.3402
Danish K.	11	7.08506	7.74976
D Mark	6	2.26507	2.48218
Guilder	0½	2.50505	2.74276
French Fr.	2½	5.31146	5.81757
Lira	15	1061.10	1161.48
Yen	6¼	310.249	338.802
Norwgn. Kr.	9	6.50570	7.11626
Spanish Pts.	8	87.5369	95.8188
Swedish Kr.	0	5.47613	5.99187
Swiss Fr.	2	0.08710	0.09034

CURRENCY MOVEMENTS

Jan. 8	Bank of England Index	Morgan Guaranty changes %
Sterling	70.0	−36.0
U.S. dollar	84.4	−8.7
Canadian dollar	80.6	−17.6
Austrian schilling	158.0	+23.8
Belgian franc	116.4	+16.6
Danish kroner	109.5	−2.0
Deutsche mark	158.7	+47.0
Swiss franc	204.6	+83.6
Guilder	126.3	+20.8
French franc	109.6	−5.1
Lira	55.0	−50.0
Yen	120.0	+18.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 8	£	$		£ Note Rates
Argentina Peso	3648-3668	1610-1620	Austria	27.70-27.05
Australia Dollar	2.0310-2.0330	0.8986-0.8990	Belgium	64.50-65.00
Brazil Cruzeiro	98.15-99.16	43.40-45.85	Denmark	12.00-12.06
Finland Markka	8.30-8.30	3.6890-3.6010	France	0.06-9.18
Greek Drachma	85.155-87.170	37.90-58.10	Germany	3.87-3.89½
Hong Kong Dollar	11.13-11.10	4.9270-4.9290	Italy	1830-1025
Iran Rial	n/a	n/a	Japan	527-532
Kuwait Dinar (KD)	0.605-0.615	0.2713-0.2714	Netherlands	4.27-4.29½
Luxembourg Frc.	63.00-63.10	27.85-27.87	Norway	11.07-11.14
Malaysia Dollar	4.2075-4.0175	2.1700-0.1740	Portugal	112-119½
New Zealand Dlr.	2.2800-2.2830	1.0080-1.0090	Spain	148¼-156¼
Saudi Arab. Riyal	7.51-7.61	3.3600-3.3610	Switzerland	3.55-3.57½
Singapore Dollar	4.8650-4.8750	2.1530-2.1640	United States	0.25-2.258
Sth. African Rand	1.8670-1.8680	0.8250-0.8260	Yugoslavia	47½-50

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3615	+1.44	+1.39	±1.53
Danish Krone	7.72336	7.75210	+0.37	+0.32	±1.64
German D-Mark	2.48208	2.48539	+0.13	+0.08	±1.125
French Franc	5.84700	5.82510	−0.37	−0.42	±1.3557
Dutch Guilder	2.74362	2.74435	+0.03	−0.02	±1.512
Irish Punt	0.668201	0.672691	+0.67	+0.62	±1.668
Italian Lira	1157.79	1161.56	+0.32	+0.32	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.262	3.878	531.0	9.078	3.565	4.280	1816.	2.646	63.06
U.S. Dollar	0.442	1.	1.714	234.7	4.010	1.576	1.892	802.2	1.169	27.87
Deutschemark	0.258	0.583	1.	136.0	0.341	0.919	1.104	468.0	0.682	16.26
Japanese Yen 1,000	1.883	4.260	7.309	1000.	17.10	6.714	8.060	3417.	4.981	118.7
French Franc 10	1.102	2.492	4.279	585.0	10.	3.927	4.716	1909.	2.914	69.46
Swiss Franc	0.281	0.636	1.088	149.0	0.546	1.	1.201	509.0	0.740	17.69
Dutch Guilder	0.234	0.529	0.908	124.1	2.121	0.833	1.	425.9	0.618	14.76
Italian Lira 1,000	0.551	1.247	2.137	292.6	5.003	1.965	2.359	1000.	1.458	34.76
Canadian Dollar	0.378	0.856	1.466	200.8	3.438	1.348	1.618	686.0	1.	23.84
Belgian Franc 100	1.586	3.588	6.160	840.2	14.40	5.654	6.788	2878.	4.195	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 14.15-14.25 per cent; three months 14.15-14.25 per cent; six months 13.90-14.00 per cent; one year 12.80-12.90 per cent.

Jan. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16⅛-16¼	13⅞-14⅛	12½-13½	18⅜-10⅝	1-1½	8-8¼	11⅞-12⅛	13-16	—	7⅛-7⅞
7 days' notice	16¾-16⅞	14-14¼	12½-13½	12½-12¾	1½-2	8-8¼	12⅛-12⅜	20½-22⅞	14⅛-14⅜	6¾-8
Month	16¾-17	14½-14¾	16¾-14⅛	12⅝-12⅞	4½-4½	8⅛-8¼	13-13¼	20⅞-23¼	14-14½	7⅝-7¾
three months	16¾-17	14⅜-14⅝	13¾-14⅛	12⅛-12¾	5⅛-5⅜	8-8⅛	13⅝-13⅞	19⅛-20¾	14-14½	8⅛-8⅜
six months	16½-16⅝	14¼-14½	16½-13⅞	12-12¼	5⅛-5⅜	8⅜-8½	13¾-14	19½-20½	14⅜-14½	8⅜-8½
one year	15⅜-15½	13-13¼	12½-19⅞	11-11¼	5⅜-5½	8-8⅛	13⅝-13⅞	18½-19½	16⅛-16¼	7⅛-8⅛

Long-term Eurodollar two years 12-12¼ per cent; three years 11⅞-12¼ per cent; four years 11¾-12 per cent; five years 11¾-12 per cent: nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

US rates easier

U.S. Treasury bill rates showed an easier tendency in early trading yesterday, with 13-week bills at 11.82 per cent compared with 11.943 per cent at Monday's auction, and 26-week bills at 11.79 per cent against 11.858 per cent. Trading remained nervous in the light of developments in the Middle East, and this helped business in the short end, but dealers suggested that the current low level of retail demand reflected in part the feeling that Treasury bills were unattractive at present levels.

Paris—French money rates were easier throughout with call money falling to its lowest level for two months at 11⅞ per cent, compared with 12 per cent on Monday. One-month money eased to 12⅛-12¼ per cent from 12¼-12⅜ per cent and the three-month rate was down at 12¼-12⅜ per cent against 12⅜-12½ per cent. Six-month money was quoted lower at 12⅜-12½ per cent compared with 12½-12⅝ per cent and the 12-month rate easied to 12½-12⅝ per cent from 12⅝-12¾ per cent.

FRANKFURT — Inter bank money rates were generally firmer, especially the rate for call money which rose to 8.6-8.8 per cent from 8.1-8.3 per cent on Monday. One-month funds rose to 8.6-8.7 per cent from 8.4-8.6 per cent and the three-month rate was higher at 8.8-8.95 per cent against 8.6-8.8 per cent. Six-month money rose to 8.5-8.65 per cent from 8.40-8.60 per cent, with 12-month money at 8.4-8.5 per cent compared with 8.3-8.5 per cent previously.

BRUSSELS—Deposit rates for the Belgian franc showed little movement, with one-month deposits quoted at 14¼-14½ per cent, three-month 14½-14¾ per cent, six-month 14⅝-14⅞ per cent, and 12-month 13⅜-13⅝ per cent. The Belgian franc remained the weakest member of the EMS, but was comfortably within its maximum permitted divergence from central rates.

AMSTERDAM — Call money was unchanged at 12½-13½ per cent while period rates showed a firmer tendency. The one-month rate rose to 13-13½ per cent from 12¾-13½ per cent and three-month was higher at 13-13½ per cent against 12¾-13½ per cent previously; 12-month funds were dearer at 12¼-12½ per cent compared with 12-12¼ per cent.

HONG KONG — Conditions in the money market were generally comfortable yesterday, with call money quoted at 12½ per cent, and overnight business dealt at 10 per cent.

GOLD

Weaker trend

Gold fell $13 to close at $612-$622 after an active day in the London bullion market. The metal opened at $620-$630, the highest level of the day, and was fixed at $615.75 in the morning and $610.00 in the afternoon. The lowest level touched was $590-$600, reflecting the lack of any further news from the Middle East, and expectations of a fall in the price of oil this year.

In Paris the 12½ kilo bar was fixed at FFr 77,800 per kilo ($600.82 per ounce) compared with FFr 78,850 ($612.73) in the morning and FFr 79,750 ($618.65) on Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM34,080 per kilo ($616.94 per ounce) against DM34,915 ($635.02) previously.

GOLD

	January 8		January 7	
Gold Bullion (fine ounce)				
Close	$619-622	(£270-275)	$685-635	(£276-281¼)
Opening	$630-630	(£275-280)	$635-645	(£282¼-287¼)
Morning fixing	$616.75	(£273.06)	$633.50	(£280.063)
Afternoon fixing	$610	(£270.270)	$688	(£262.770)
Gold Coins				
Krugerrand	$635-642	(£279-284)	$646-655	(£285-290)
Mapleleaf	$630-640	(£279-284)	$635-650	(£280-287)
New Sovereigns	$159-161	(£70-71)	$162-164	(£71½-73½)
King Sovs.	$175-180	(£77-80)	$170-180	(£75-80)
Victoria Sovs.	$175-180	(£77-80)	$170-180	(£75-80)
Fr 20 Napoleon	—	—		—
50 pesos Mexico	$760-770		$785-795	
100 Cor. Austria	$600-606		$620-630	
$20 Eagles	$715-730		$725-745	
$10 Eagles	...		...	
$5 Eagles	...		...	

UK MONEY MARKET

Moderate help

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Conditions in the London money market prompted the authorities to buy a moderate amount of Treasury bills yesterday, all direct from the discount houses. The latter were paying up to 15½ per cent for secured call loans at the start but rates soon eased with later balances taken as low as 3 per cent. The market was faced with a large net take up of Treasury bills to finance and a small excess of revenue transfers to the Exchequer over Government disbursements. On the other hand banks brought forward balances a small way above target and there was a small decrease in the note circulation.

In the interbank market, overnight loans opened at 16-16¼ per cent and rose on the initial forecast to 16¼-16½ per cent before easing back to 15½-15¾ per cent on the revised forecast of a small shortage. Rates then fell away after noon to 6-8 per cent with late balances taken at 11-12 per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK	
Prime Rate	15-15¼
Fed. Funds	13¾-13¾
Treasury Bills (13-week)	11.82
Treasury Bills (26-week)	11.79
GERMANY	
Discount Rate	6
Overnight Rate	8.7
One month	8.65
Three months	8.875
Six months	8.575
FRANCE	
Discount Rate	9.5
Overnight Rate	11.75
One month	12.1875
Three months	12.5625
Six months	12.4375
JAPAN	
Discount Rate	8.25
Call (Unconditional)	8.125
Bills Discount (three-month)	8.46875

LONDON MONEY RATES

Jan 8 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	6-16½	—	—	—	16¼-16½	5-16½	—	—	—
2 days notice	—	—	16¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅛-16¼	16⅞-17	—	17⅛	17	15½-16	—	—	—
One month	16⅜-16¾	16⅜-16⅞	16⅛-17	18-17¾	17⅜	17⅛	16½	15⅜-15¾	17⅛-17⅛	17⅛
Two months	16⅜-16¾	16⅞-17	—	17⅝-17⅛	17⅜	—	16⅜	15⅞	16⅝-16⅞	17
Three months	16⅛-18¼	16⅞-17	16⅞-17	17¼-16¾	17⅜	17⅜	16⅜	15⅞-15⅜	18⅜-18⅞	16⅞
Six months	16⅜-16⅛	16¼-16⅝	18⅜-16½	16⅜-16	16⅞	—	—	—	16⅞	15⅞
Nine months	15⅞-15⅞	15½-10⅜	—	16⅛-15⅜	16⅞	—	—	—	—	—
One year	15⅞-14⅞	15½-15¼	15⅝-15¾	15½-15¼	15	—	—	—	—	—
Two years	—	—	15⅝-15¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice others seven days fixed. *Long-term local authority mortgage rates nominally three years 15⅝-15¾ per cent; four years 15½-15¾ per cent; five years 15¾-15¾ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅝ per cent; four-month trade bills 16¾ per cent.

Approximate selling rates for one-month Treasury bills 15⅞-15⅞ per cent; two-month 15⅞ per cent; three-month 15⅞-15 53-64ths per cent. Approximate rates for one-month bills 17 per cent; two-month 16⅝-16⅞ per cent; three-month 16⅞-16⅞ per cent; one-month trade bills 17 per cent; two-month 16⅞ per cent and three-month 16¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from January 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 18 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.8434 per cent.

London Clearing Banks' balances

as at December 12, 1979

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

LIABILITIES	Total outstanding £m	£m	Change on month £m	£m
Sterling deposits:				
UK banking sector	8,400		+ 751	
UK private sector	33,470		+ 242	
UK public sector	451		− 49	
Overseas residents	3,470		+ 122	
Certificates of deposit	1,964		− 61	
		47,755		+1,006
of which: Sight		19,273		+ 148
Time (inc. CD's)		28,482		+ 857
Foreign currency deposits:				
UK banking sector	6,438		+ 110	
Other UK residents	1,269		− 79	
Overseas residents	15,337		+ 210	
Certificates of deposit	1,285		+ 62	
		24,329		+ 302
Total deposits		72,084		+1,307
Other liabilities*		10,710		+ 11
TOTAL LIABILITIES		82,794		+1,318
ASSETS				
Sterling				
Cash and balances with Bank of England		1,380		− 40
Market loans:				
Discount market	2,684		+ 175	
UK banks	11,733		+1,687	
Certificates of deposit	1,321		+ 72	
Local authorities	903		− 9	
Other	358		− 8	
		16,999		+1,916
Bills:				
Treasury bills	555		+ 77	
Other bills	858		− 48	
		1,413		+ 30
Special deposits with Bank of England		465		—
Investments:				
British Government stocks	1,849		− 38	
Other	1,636		+ 4	
		3,485		− 34
Advances:				
UK private sector	24,036		− 466	
UK public sector	287		− 66	
Overseas residents	3,164		− 12	
		27,487		− 544
Other sterling assets*		6,366		− 397
Foreign currencies				
Market loans:				
UK banks and discount market	5,852		+ 203	
Certificates of deposit	190		− 12	
Other	10,495		+ 100	
		16,538		+ 291
Bills		26		− 1
Advances:				
UK private sector	1,827		− 34	
UK public sector	900		− 1	
Overseas residents	4,533		+ 90	
		7,260		+ 55
Other foreign currency assets*		1,376		+ 43
TOTAL ASSETS		82,794		+1,318
Acceptances		1,017		+ 70

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m	TOTAL Change on month £m	BARCLAYS Outstanding £m	BARCLAYS Change on month £m	LLOYDS Outstanding £m	LLOYDS Change on month £m	MIDLAND Outstanding £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Outstanding £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Outstanding £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	72,084	+1,307	19,488	+ 26	14,124	+584	14,141	+341	22,323	+419	2,008	− 63
ASSETS												
Cash and balances with Bank of England	1,380	− 40	405	− 12	213	− 53	311	+ 26	394	− 4	57	+ 4
Market loans:												
UK banks and discount market	20,269	+2,065	5,062	+253	4,414	+452	3,036	+395	7,311	+1,001	446	− 36
Other	13,267	+142	3,575	− 83	3,669	+263	1,923	+ 73	3,755	−120	320	− 11
Bills	1,439	+ 28	342	+ 72	161	− 25	430	+ 21	470	− 43	37	+ 2
Special deposits with Bank of England	465	—	161	—	25	—	108	—	152	—	19	—
British Government stocks	1,849	− 38	[illegible]	− 1	298	− 2	553	+ 6	524	− 41	95	—
Advances	34,747	−489	10,027	−138	5,657	+ 36	7,788	−154	10,159	−212	1,116	− 21

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GLYN'S	
Eligible liabilities	28,810	−817	9,052	− 85	4,610	−126	6,649	−163	7,504	−372	994	− 62
Reserve assets	3,696	−112	1,159	− 20	594	—	862	− 8	953	− 69	128	− 14
Reserve ratio (%)	12.8	− 0.1	12.8	− 0.1	12.9	+ 0.4	13.0	+ 0.2	12.7	− 0.3	12.8	− 0.6

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	Dec. 12, 1979 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	28,971	−823
Scottish clearing banks	3,215	− 20
Northern Ireland banks	1,078	+ 1
Accepting houses	2,274	+ 35
Other	7,231	+ 13
Overseas banks		
American banks	4,722	+103
Japanese banks	359	—
Other overseas banks	3,448	+ 44
Consortium banks	352	+ 33
Total eligible liabilities*	51,648	−616
Reserve assets		
UK banks		
London clearing banks	3,719	−116
Scottish clearing banks	422	− 13
Northern Ireland banks	152	+ 1
Accepting houses	315	+ 9
Other	994	+ 47
Overseas banks		
American banks	628	+ 21
Japanese banks	55	+ 2
Other overseas banks	519	+ 23
Consortium banks	54	− 3
Total reserve assets	6,858	− 30
Constitution of total reserve assets		
Balances with Bank of England	449	−135
Money at call:		
Discount market	3,399	−383
Other	230	+ 2
UK, Northern Ireland Treasury Bills	1,118	+221
Other bills:		
Local authority	152	+ 4
Commercial	944	− 13
British Government stocks with one year or less to final maturity	565	+273
Other	—	—
Total reserve assets	6,358	− 30
Ratios %		
UK banks		
London clearing banks	12.8	− 0.1
Scottish clearing banks	13.1	− 0.3
Northern Ireland banks	14.1	+ 0.1
Accepting houses	13.8	+ 0.1
Other	13.7	+ 0.6
Overseas banks		
American banks	13.3	+ 0.1
Japanese banks	15.4	+ 0.6
Other overseas banks	15.1	+ 0.5
Consortium banks	15.5	− 2.3
Combined ratio	13.3	+ 0.1
	£m	£m
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	211	−151
ce ho...		
Eligible liabilities	460	+ 4
Reserve assets	47.8	+ 1.6
Ratio (%)	10.4	+ 0.3

Special deposits at December 12 were £822m (up £28m) for banks and £9m (up £1m) for finance houses. * Interest-bearing eligible liabilities were £33,609m (down £923m).

Connecticut General to match rival

BY STEWART FLEMING IN NEW YORK

CONNECTICUT GENERAL Insurance is pressing ahead with its takeover bid for ERC Corporation, the reinsurance group, in spite of opposition by the ERC board and an adverse decision by the Missouri state insurance regulators.

Connecticut General, the seventh largest U.S. life assurance company, said yesterday that it was prepared to match Charter Oil's $90 a share bid for ERC, an offer which values ERC at $547m.

Like a number of other insurance concerns, Connecticut General is seeking to expand into the reinsurance business.

ERC, one of the few remaining reinsurance companies of any size in the U.S., has been seeking to fight off the Connecticut General bid. This is generally seen as one of the reasons it has looked so favourably on the rival offer.

There had been doubts about whether Connecticut General would proceed with its attempt to take over ERC after last week's decision by the Missouri Insurance Department opposing the deal on the grounds that it would have adverse implications for competition in the state.

Yesterday Mr. Robert D. Kilpatrick, Connecticut General's president and chief executive, sent a letter to ERC saying that Connecticut General would make a $90 a share offer, provided the ERC board agreed to recommend the transaction at that price. The move entails obtaining reversal of the state order disapproving the bid.

Unlike Charter's offer, the Connecticut proposal is a full cash offer and might be slightly more attractive to shareholders.

Mr. Don S. Williams, ERC Corporation's vice-president (finance) and treasurer, said yesterday that the corporation had no immediate comment on Connecticut General's latest proposal. "If it is appropriate we will make a statement in the near future," he said.

MGM chief's assurance on spin-off talks

CULVER CITY — Mr. Kirk Kerkorian's ownership in Columbia Pictures Industries will not be a factor in Metro-Goldwyn-Mayer's proposed spin-off of its film operations, said Mr. Frank Rosenfelt, the president of MGM.

Mr. Kerkorian, a major MGM shareholder, also owns about 25.5 per cent of Columbia's stock.

Mr. Rosenfelt, at MGM's annual meeting, said that Mr. Kerkorian's Columbia's dealings are "his own personal business" and do not concern MGM.

The dealings will "not be a factor at all" in the MGM spin-off, Mr. Rosenfelt said in response to a shareholder's question.

Several other shareholders also sought more information about the spin-off. But Mr. Rosenfelt declined to give any *new details now except to say* the spin-off plans are moving ahead.

Because of the proposed spin-off, first announced last November, "we are now technically in registration and therefore limited in what we can add to this discussion."

MGM disclosed last month that it proposed to spend $230m on building a hotel-casino in Atlantic City, N.J., and expanding its hotels in Rino and Las Vegas.

Reuter

Ashland offer extended

ASHLAND—Ashland Oil said that it has extended to January 18 its offer to exchange newly-issued cumulative preferred stock or subordinated debentures for common shares.

Reuter

Brascan will not block Noranda

BY ROBERT GIBBENS IN MONTREAL

MR. TREVOR EYTON, president of Brascan, which holds a 14 per cent interest in Noranda Mines, said that he opposes but will not attempt to block Noranda's C$40 a share cash or stock offer for all the shares of MacLaren Power and Paper which was announced on Monday.

Noranda intends to offer MacLaren holders either C$40 cash for each MacLaren share or the alternative of 11 Noranda shares for every six MacLaren shares. The offer would be subject to at least 51 per cent acceptance.

Many MacLaren shareholders are expected to take Noranda shares rather than cash. The effect of this would be to dilute further the holdings of Brascan in Noranda.

At the current price of Noranda shares the share-exchange offer would bring a small premium to MacLaren holders accepting shares. But more important, observers say, by accepting Noranda shares, MacLaren holders would get a tax-free rollover for capital gains purposes.

Mr. D. A. Thomson, company secretary at MacLaren, said that the MacLaren management group holding nearly 30 per cent of the stocks, approached Noranda five or six weeks ago with a proposal for the Noranda bid. Many of the MacLaren family were no longer interested in participation in the business. The company has started an expansion programme costing between C$150m and C$200m. The family is fully in agreement with the Noranda bid.

Mr. Eyton has reacted with anger to news of the Noranda bid. The big Toronto holding company, which *owns major* financial, consumer goods and resource interests across Canada, is now controlled by the Peter and Edward Bronfman interests, with the support of the Patino mining family.

Pan Am faces merger problems

NEW YORK — Pan American World Airways, which is taking over National Airlines, foresaw major labour problems in putting the two airlines together, Mr. William Seawell, chairman of Pan Am, said.

He said that a variety of unions represented workers at Pan Am and National, which may prove a difficulty.

Mr. William Roy, Pan Am vice-president in charge of co-ordinating the merger, said that Pan Am would like to merge the two fleets as quickly as possible, so that some National aircraft could fly Pan Am routes and vice versa. But the Airline Pilots Association (ALPA) and the flight engineers' unions had indicated that until seniority issues were resolved they were unwilling to see the fleets merged.

The problem was made more difficult because some Pan Am flight crews were on leave. Flight crews were normally recalled on the basis of seniority.

An ALPA official said that about 500 Pan Am pilots were on leave. That was nearly as many as National's total of 655 pilots, so Pan Am pilots with seniority could put many National pilots out of work. Pan Am has 1,355 pilots on duty.

Integration of the pilots' contracts was also a necessity, the ALPA official said. That meant, in effect, negotiation of a new contract. The Pan Am pilots had reopened their talks.

Pan Am faces other labour problems. In some cases workers are represented by one union at Pan Am and another at National. Pan Am has said it will recognise unions representing its employees, but some National unions may contest that.

Mr. Roy said that in all more than 30 labour issues could seriously delay early integration.

Pan Am is, however, moving faster to integrate management. The airline said that it had already contacted 75 per cent of National's managers and had asked most National officers to remain with the merged company. Some had accepted and others were still negotiating.

Pan Am undoubtedly will press to resolve its labour problems quickly. Integration of flight crews and freedom of movement of airliners across the combined system "are absolutely essential" to the merged company, Mr. Seawell said.

He conceded, however, that the economic climate would hinder integration. Pan Am originally planned to increase capacity by 10 per cent in 1980, but because of the poor economic outlook it now intends to hold capacity at the present level.

AP-DJ

Celanese sees 25% gain over year

NEW YORK — Celanese Corporation, helped by a strong export market and other factors, expects to report 1979 earnings about 25 per cent higher than in 1978, said Mr. John D. Macomber, president.

However, earnings for the fourth quarter declined by about 22 per cent from a record 1978 quarter and Celanese expects earnings to fall in the first and second quarters of the current year as a result of the general economic slowdown.

Performance is expected to improve in the second half of 1980.

Mr. Macomber declined to project specific figures for 1980 but said he "would be hard-pressed to disagree" *with analysts' predictions that* earnings for the year will drop by about 10 per cent to 15 per cent from 1979.

Despite the uncertainties for the coming year, he expects the board to "look at *the dividend some time this* year." The long-term outlook and the company's financial situation indicate that it can continue its policy of "relatively modest but more frequent" dividend increases.

In 1979 the *maker of* chemicals, plastics and fibres earned about $140m or $9.50 a share compared to $112m or $7.61 a share in 1978. The 1978 figures are *before* a $43m or $3.01 a *share* gain *from the cumulative effect of* an accounting change. Sales rose to between $3.1bn and $3.2bn from $2.6bn.

High export sales, particularly chemical sales, were an important factor in the *improvement*. Some 21 per cent of Celanese's chemicals sales were exports last year compared to 14 per cent in 1978. He attributed the increased exports to higher feedstock costs in Europe and to the lower value of the dollar.

Factors in the improved performance for 1979, other than high export sales, included continued improvement in the international fibres business and the general strength and growth of the domestic chemicals business.

AP-DJ

MEXICAN STOCK EXCHANGE

Growing up fast

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO'S stock exchange—Bolsa Mexicana de Valores—had another extraordinary year in 1979 and promises in 1980 to experience a fresh upsurge, in line with the country's fast expanding oil-rich economy.

Last year the 30-stock price index rose by 35.7 per cent from 879 on January 2 to 1,193 on December 28. The volume of trading tripled to almost Pesos 32bn ($4bn) at the end of 1979 compared with Pesos 30.2bn at the end of 1978.

After Norway and South Africa, the Mexican stock market last year was reportedly the fastest growing in the world. In 1978 it was, in fact, the fastest.

The Mexican market, as widely expected after the way in which prices rose in an exaggerated form during the *first four months* of 1979, peaked at 1,798.9 on May 9 and from then on fell to 1,193. But this did not cause panic, for no one in their right mind felt that the price index could go on rising at the same rate as it did in 1978, when it increased by 125 per cent.

Despite the 33.6 per cent decline after the May peak, shareholders made handsome profits — mouthwatering compared with most other world stock exchanges.

Mexico's stock market is young and the public is inexperienced in sharebuying. As a result, psychological factors cannot be underestimated.

The country's economic mood is now one of immense euphoria following the recovery—thanks to the discovery of huge oil reserves—from the 45 per cent devaluation of the peso in 1976.

Corporate profits rose on average last year by well over 50 per cent. There was a complete turnaround in the demand-supply relationship on the stock exchange and this was probably the most significant factor, coupled with the psychological *ones, behind the peaking in May* and the steady decline thereafter.

At the beginning of 1979 the banks enjoyed one of their rare periods of excess liquidity — to such an extent that the central bank felt it necessary to reduce the money supply and the inflationary pressures, to take Pesos 15bn out of the system.

Banks, meanwhile, had channelled large sums into the stock exchange, as they are obliged by the Government to place 5 per cent of savings deposits in stock broking houses. This created an increased demand pressure on a supply of stock which expanded at a much slower pace.

Last year the Mexican Stock Exchange is believed to have equalled its 1978 achievement of becoming the world's fastest growing stock market. The country's oil boom promises to keep it on the rapid growth path this year

After the May peak a reverse situation developed. Demand declined sharply. Banks experienced a severe and sudden credit shortage which resulted in the central bank returning the Pesos 15bn in early December, although it announced a counter-measure to raise gradually the legal reserve requirement.

At the same time supply picked up and became the dominant influence, which became more pronounced as more new offerings were made.

The volume of trading was 40.5 per cent less in the period June to November than in January to May, while from June to December 21.8m more shares, at an offering value of Pesos 1.7bn were made.

Stockbrokers believe that the market has probably levelled out from the decline, but they do not expect another big general price rise until the demand increases in greater proportion to the increase in supply or at least until a greater equilibrium has been established.

This, they say, could occur during the first quarter or at the latest by April-May, when Mexican companies produce their annual reports.

The factors which will probably spur higher growth in the price index are: the bright horizon of the Mexican economy which in 1979 grew by around 7.8 per cent and this year is projected at 8 per cent; the economic and psychological importance of Mexico's oil (which has increased by 30 per cent a barrel this quarter); inflation (19 per cent in 1979) will not let up this year and so, with bank interest rates still negative, the stock market remains a powerful hedge against inflation; and continued government interest in creating a strong capital market.

Mexico still has no capital gains tax on profits made from share trading. Further, the Government recently brought into being the Central Depositary Institute, which has possession of all shares traded in order to reduce the risk of irregular practices by brokers.

The Government is also giving serious consideration to allowing foreigners to buy all shares under a scheme whereby they could buy stock if they gave up voting rights.

At the moment non-Mexicans are excluded from buying about 60 per cent of shares including, for example, those in the mining industry.

The seemingly illogical situation which now exists is that the price index has steeply declined but company profits are rising sharply. The result is attractive price-earnings ratios. Shares are now selling at half their prices of less than six months ago in terms of reported earnings.

EUROBONDS

DM sector boosted by IADB loan

By Francis Ghilès

A DM150m eight-year public bond carrying a coupon of 8 per cent is expected to be launched today by Deutsche Bank for the Inter-American Development Bank. This brings to DM 900m the volume of new foreign Deutsche-Mark bonds launched in the past 12 days.

This figure suggests that this is the only sector of the Eurobond market where investors are showing interest in buying new bonds. When the German Capital Markets Sub Committee set a figure of DM 1.2bn worth of new D-Mark bonds to be issued between December 27 and January 21 some German bankers expressed doubts as to investors' appetite for such rich fare. But market conditions now seem to be moving in favour of issuers.

Meanwhile the two equal tranche *DM 200m public issue* for Denmark was priced yesterday by the lead manager, Westdeutsche Landesbank. Both tranches were priced at par, as indicated. The shorter tranche runs for *six years and carries a coupon* of 7¾ per cent while the longer tranche which runs for 12 years carries a coupon of 8¼ per cent.

The DM 200m five year issue for Norway, which carries an indicated coupon of 7¾ per cent, and was launched through Deutsche Bank last week was quoted in pre-market trading at less ½-bid.

However, secondary market trading of older issues *remains very thin and* prices finished yesterday slightly down on the day.

In the Austrian Schilling sector the Schilin public issue for the World Bank was priced at 99½ by the lead manager, Creditanstalt Bankverein. This 10 year issue carries a coupon of 8 per cent and yields 8.095 per cent to maturity.

The dollar sector remains listless and the level of activity very low. Prices stabilised yesterday and no outside influences—be they currency, interest rates or the price of gold—seemed to have much effect on investors.

A new investment instrument is expected to be announced in the domestic Swiss Franc market today. A bond issue for the Swiss Confederation will be sold on a "Dutch auction" basis: investors will subscribe to the issue knowing *only what the* coupon and the maturity of the paper is. They will have to indicate at which price they are willing to buy the bonds and the price of the issue will be fixed at the lowest level at which a sufficient number of bonds are subscribed for.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	89¼	89¾	0	−1	11.88
Alex Howden XW 9½ 91	30	77	79	0	0	13.34
Australian Res. 9¾ 84 ...	30	91½	91⅞	−0⅛	−0¼	12.86
Avco O/S Cap. 10½ 87	40	82½	83¼	+0⅛	−0¼	14.10
Beneficial Fin. 9¾ 87 ...	100	89¾	90¼	0	−0⅞	11.80
CECA Gr. Rate 10¼ 91	150	83⅜	83⅞	0	−1¼	12.20
CECA 9¾ 99	125	†80¾	81¼	0	−0¼	12.72
Canadian Pacific 9¼ 89	60	89¼	89⅞	0	−0⅝	11.80
Carter Hawley 9½ 86 ...	50	89½	90	+0⅛	−0½	12.09
Comalco Inv. 6. 10⅞ 91	40	90	90½	0	−0⅝	11.82
Continental Grp 9⅜ 86	100	89¾	90¼	−0⅛	−0⅜	11.92
Dome Petroleum 10 94	60	88	89⅞	−0⅛	−0⅜	11.54
Dominion Bridge 10½ 84	30	94⅝	95⅛	+0⅛	−0⅛	11.76
Dow Chem. O/S 9⅝ 94	200	86⅜	86⅞	−0⅛	−1	11.58
EIB 9⅞ 87	150	90¾	91½	0	−1	12.84
EIB 10 99	150	86	86½	+0⅛	−1¼	12.17
EIB 10⅛ 87	100	92½	93	0	−0½	11.97
EIB 10.15 99	100	87¼	87¾	0	−0⅞	12.77
Export Dv. Cpn. 9⅜ 84	100	91⅛	91⅞	0	−0⅛	11.90
Export Dv. Cpn. 9⅝ 84	150	92⅞	93⅛	0	−0⅜	11.72
Finland 9⅝ 89	100	87¼	87¾	−0⅛	−1½	12.23
GTE Finance 9½ 84 ...	50	92¾	93¼	0	0	11.70
GTE Finance 8¾ 89 ...	55	88⅜	88⅞	0	−0⅛	11.78
GMAC 9¼ 86	100	89¼	89¾	0	−0½	11.75
Gould Int. Fin. 9½ 86...	50	92	92½	0	−0½	11.83
Hudson Bay Co 10 94	50	88⅝	89⅛	0	−1⅛	11.63
ITT Antilles 9½ 89	75	86⅜	86⅞	+0¼	0	11.93
Kennecott Int. 9½ 86...	100	86⅞	87⅜	0	−0⅛	12.53
Manitoba 9½ 89	75	86½	87	0	−1	11.94
Michelin 10 94	125	87¾	88¼	0	−0⅝	11.74
Nat. Dev. Telecm. 9½ 86	100	90	90½	0	−0⅛	11.71
New Brunswick 9¾ 94	75	85½	86	0	−1	11.87
Newfoundland 10 94 ...	50	89¼	89¾	−0⅛	−1	11.53
Norges Komm 9⅞ 99...	100	85⅛	85⅝	−0⅛	−2	12.15
Norway 9½ 84	150	92½	93	0	−0⅛	11.70
Nova Scotia Pwr. 9¾ 89	50	87⅝	88⅛	+0⅛	−0⅜	11.95
Occidental Fin. 10¾ 84	50	93⅞	94⅛	+0⅛	−0⅛	12.00
Orient Leasing 9½ 89 ...	25	87¾	88¼	+0⅛	−0⅛	12.26
Pennwalt O/S F. 9¾ 84	25	92	92½	+0⅛	−0⅜	12.08
Pepsico Cap. 9¾ 84 ...	100	92½	93	0	−0⅛	11.53
Quebec Hydro 10 99 ...	75	86¼	86¾	+0⅛	−0⅛	11.78
Sears Roebuck 8 82 ...	150	93½	84	−0⅛	−0⅜	12.53
Statoil 9¾ 89	100	88⅜	88⅞	−0⅛	−0⅞	11.63
Sweden 9¾ 89	100	88½	89	0	−0⅛	11.78
Sweden 9½ 86	200	90⅝	91⅛	+0½	−0⅛	11.89
Sweden 9⅜ 84	100	92⅞	93⅜	0	+0¼	11.73
Unilever NV 9¾ 87	100	89	89½	0	−0⅜	11.66
Warner-Lambert 9 84 ...	100	90⅞	91⅜	0	−0⅛	11.61

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87...	100	98	98½	0	+0⅛	8.30
Argentina 7½ 89	150	93½	94⅛	−0⅛	0	8.49
Asian Dev Bk. 7¾ 89	100	94½	95⅛	0	+0½	8.03
Banco Desarrollo 7⅞ 86	100	93¾	94¼	0	−0⅜	8.59
Barclays O'seas 6¾ 89	100	95⅝	96⅛	0	+0⅜	7.37
Brazil 8 87	150	95⅞	96⅜	−0¼	−1½	8.68
CECA 7 91	150	93⅝	94⅛	0	−0⅜	7.81
Council of Eur. 7⅞ 89...	100	95⅝	96⅛	0	−1	7.90
EEC 7⅞ 94	225	98¼	99	0	−0⅛	8.03
EIB 7½ 89	200	97¾	98¼	−0⅛	−1⅛	7.78
Eletrobras-Brazil 7 87...	100	93¾	94¼	0	+1⅛	8.15
Eurofima 6½ 89	100	96	96½	−0⅛	+0⅛	7.05
Kobe, City of 7⅝ 89 ...	150	97½	98¼	+0⅛	+0⅛	7.43
Mitsubishi Chem. 6½ 84	70	96⅝	97⅛	+0⅛	+0⅛	7.39
Neder. Gasunie 8 89...	100	103½	104	0	+0⅛	7.28
New Zealand 7¼ 87 ...	200	98⅜	98⅞	0	−0⅛	7.38
Nippon Kokan 6½ 84 ...	100	95⅛	95⅝	0	−0⅜	7.78
Nippon Tel. & T. 5½ 87	100	88⅜	88⅞	+0⅛	−0⅞	7.87
Norges Komm. 7⅝ 91...	150	101	101½	0	+0⅛	7.56
Norges Komm. 8¾ 94...	180	†101¾	102¼	+0⅛	+0⅛	8.04
Norway 6¾ 84	200	97¼	98	−0⅛	+0⅛	6.91
OKB 6 87	40	89½	90¼	−0⅜	−0⅛	7.92
OKB 7¾ 89	100	97½	98¼	0	−0⅛	7.69
Tokyo Elec. Pwr. 6½ 85	200	95⅝	96⅛	0	+0⅛	7.49
World Bank 7¾ 91	400	98	98¼	+0⅛	−0½	7.96

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	95½	96	−0⅛	+0⅛	6.10
Aumar 5 89	80	94	94½	−0⅛	+0⅛	5.79
Australia 3⅞ 89	250	90⅝	91⅛	+0⅛	+0⅛	4.85
Bergen, City of 4¾ 91...	40	95⅝	96	+0⅛	−1⅛	5.23
BNDE 5 89	75	88⅞	89½	−0⅛	−0½	6.58
BMW Overseas 4½ 91...	100	95⅜	95⅞	−0⅛	+0⅛	4.73
Caisse Nat. Tele. 4⅜ 89	100	96¼	96¾	−0⅛	−0⅞	4.84
Canada 3¾ 89	300	92	92½	−0⅛	+2⅛	4.88
Copenhagen 4½ 91	60	94⅜	94⅞	−0⅛	0	5.10
Council of Eur. 5 89 ...	100	95⅝	96⅛	0	−1⅛	5.47
EIB 4½ 91	100	89⅝	90½	−0⅛	−1½	5.69
EIB 4¾ 94	100	87¾	88⅛	−0⅛	+1⅜	5.60
Elec. de France 4⅜ 89...	100	97	97½	−0½	+0⅛	4.74
GZB 4¾ 89	100	90⅝	91	−0⅛	−2⅛	5.48
Hilti 4½ 91	35	94⅞	95¼	−1½	−3⅛	4.81
ICI Fin. NV 3½ 94	230	80⅜	80⅞	0	−0⅛	5.49
Int.-Amer. Dev. 4½ 89	100	90¼	90½	+0⅛	−2½	6.89
Malaysia 5 89	80	90	90⅜	+0⅛	−0⅜	6.35
Nippon Tel. & T. 4⅝ 89	100	95½	96	0	−0½	4.80
Nordic Bank 5 89	45	100⅛	100⅝	0	+1⅛	4.98
Norges Komm. 4⅝ 91...	100	93	93⅜	−0⅛	0	5.14
OKB 3¾ 91	100	84½	85	+0⅜	−0⅞	5.62
OKB 4¾ 81	100	89¼	89¾	−0⅛	−2⅛	6.82
Oslo, City of 4⅜ 91 ...	100	89½	90	−0⅛	−2	5.58
Shikoku El. Pwr. 4¾ 89	100	97½	97⅞	−0⅛	−0½	5.06
Spain 4 91	100	87¾	88¼	−0½	−3¼	5.46
Sieweag 4⅜ 91	60	95⅝	96⅛	−0½	−1	5.18
Voest-Alpine 4½ 89	90	98¼	99	−0⅛	+1⅛	4.93
World Bank 4⅜ 89	100	97½	98	0	+0⅞	4.92
World Bank 4⅛ 89	180	94	94½	0	0	6.14
World Bank 4¾ 91	100	93	93½	−0⅛	−0⅜	5.43

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.8 83	30	89⅝	90⅛	+0⅛	+0⅛	8.81
Australia 6½ 89	20	84⅞	85⅜	+0⅛	+0½	9.11
EIB 7¾ 89	12	98⅝	99⅛	+0⅛	+0⅛	7.95
Finland 5.6 83	10	88⅝	89⅛	+0⅛	+0⅛	9.06
Finland 8.8 89	10	87⅝	88⅛	0	−1⅛	9.00

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10⅛ 86 C$ ...	25	88	88½	0	0	13.05
Bell Canada 10¾ 86 C$	60	93¼	93¾	0	−0⅛	12.22
Cr. Foncier 10¾ 84 C$	30	90½	91	0	0	13.10
Ex. Dev. Cpn. 10 84 C$	50	92¼	92¾	−0⅛	+0⅛	12.28
Fst. Can. Inv. 10 84 C$	50	91⅛	91⅝	−0⅛	0	12.65
Hudson Bay 10½ 89 C$	60	89½	90	−0½	−0⅛	12.40
Quebec 10¼ 86 C$	50	91	91½	+0⅛	+0⅛	12.27
R. Bk. Canada 10 86 C$	40	92	92½	−0⅛	−0¼	11.77
R. Bk. Canada 10 94 C$	40	85⅛	85⅞	0	−0⅛	12.14
Copenhagen 8¾ 91 EUA	25	†91½	93	0	+0⅛	9.38
Copenhagen 8¾ 91 EUA	20	†98¾	99¼	0	−0⅞	8.84
SOFTE 8¾ 89 EUA	40	†88½	90	0	−0⅛	10.06
Algemene Bk. 8¼ 84 Fl	75	97	97½	−0⅛	+0⅛	8.97
Amev 8½ 86 Fl	75	97⅝	98⅛	−0⅛	+0⅛	8.92
Ned. Middbk. 8¼ 84 Fl	75	96⅜	96⅞	−0⅛	+0⅛	9.31
Norway 8¼ 84 Fl	100	95⅝	96⅛	−0⅛	0	8.43
Norway 8¾ 84 Fl	100	98	98½	0	0	9.24
Rabobank 9 84 Fl	25	100⅜	100⅞	−0⅛	+0⅛	8.82
Air France 11 84 FFr ...	120	97¾	98¼	0	−0⅛	11.47
Euratom 9¾ 87 FFr	150	85⅝	86⅛	0	−0⅛	12.81
Finland 11 84 FFr........	80	95⅝	96⅛	+0¼	−0⅛	12.18
Finland 11½ 89 FFr	70	94⅝	95⅛	+0¼	−0⅛	12.44
Gaz de France 11 84 FFr	150	97⅝	98⅛	0	−0⅛	11.65
Norway 9¾ 84 FFr	200	89½	90½	0	0	12.48
Renault 9¾ 85 FFr	100	88¾	89¼	0	−0⅛	12.54
Saint-Gobain 9¾ 86 FFr	130	85⅝	86⅛	0	−0⅛	13.13
Solvay et Cie 9¾ 87 FFr	125	83	84	−0⅛	−1	13.41
Total Oil 9¾ 87 FFr......	150	82⅝	83⅝	0	−0⅛	13.12
EIB 11½ 91 £	25	86⅝	87½	−0⅛	−0⅛	13.77
Finance for Ind. 13 91 £	15	95½	96¼	0	+0½	13.72
Fin. for Ind. 12½ 89 £	30	92⅝	93⅛	−0⅛	+0⅛	13.88
Gen. Elec. Co. 12½ 89 £	50	92½	89	−0⅛	+0⅛	13.92
Indonesia 8⅝ 91 KD ...	7	†93½	94	0	0	9.66
Mitsubishi 7½ 84 KD ...	10	†95⅜	95⅞	0	0	8.68
Norges Kom. 7½ 89 KD	12	†93⅜	93⅞	0	0	8.50
Occidental 8¼ 81 KD ...	7	†90¼	90¾	0	0	9.65
Akzo 9¼ 87 LuxFr	500	†94⅝	95⅝	0	−0⅛	10.15
Euratom 8 87 LuxFr ...	500	90⅜	91⅜	0	+0⅛	9.73
Oslo, City of 8 89 LuxFr	500	89⅜	90⅜	0	−0⅛	8.63
Volvo 9½ 87 LuxFr	500	98¼	99¼	0	+0⅛	9.98

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banca di Roma Int. 8 87	0⅛	99¼	100¼	26/4	15⅝	15.77
Banco Prov. BA 7⅝ 86...	0⅛	96½	97¼	5/6	14½	14.96
Banco Urquijo 8 86......	0⅛	97¼	87¾	21/3	13⅜	13.74
Bank of Ireland 5¼ 89...	‡0⅛	96⅞	97⅜	21/2	15.69	16.15
Bank of Tokyo 5¾ 89 ...	‡0⅛	97⅞	98⅜	25/1	16.19	16.50
Bergen Bk. A/S 8 89 ...	‡0⅛	95⅝	96⅛	29/2	14.31	14.93
Bque. Indo Suez 5⅞ 89	0⅛	98⅜	98⅞	11/1	11	11.18
BNP 5½ 91	0⅛	97	97½	22/2	11.94	12.28
Citicorp O/S F. 6 94 ...	‡0⅛	98½	88	0/3	14.44	14.62
Citicorp O/S F. 83	§‡0	99½	100	23/2	15⅛	15.16
Citicorp O/S F. 84	‡0	98⅞	99⅜	29/2	15	15.13
Co-operative Bk. 6 86..	0¼	97¼	98¼	15/5	16.00	15.37
Creditanstalt 5½ 91......	§‡0⅛	97¼	98¼	14/3	14⅞	15.18
CNT 5¾ 86	§0¼	98¼	99¼	18/4	15.18	16.26
GZB 5½ 89	‡0⅛	98⅜	99⅛	1/2	18.18	16.37
Jugobanka 8 89	0⅝	†94¾	95¾	23/5	18	16.80
Ind. Bank Japan 5⅞ 87	0⅛	97	97½	15/4	14⅛	14.65
LTCB Japan 5⅜ 86	0⅛	97½	98	19/6	14⅛	14.58
LTCB Japan 5½ 89	0⅛	97¼	87¾	7/6	14.18	14.55
Mfrs. Han. O/S 5¾ 94...	‡0⅛	98⅜	98⅞	29/2	13.81	14.01
Nacional Fin. 6¼ 86 ...	0⅛	97⅜	97⅞	25/1	11½	11.78
Nat. West. 5¾ 84	§0⅛	97⅝	98⅛	11/1	14.94	15.24
Nippon Cred. Bk. 6½ 86	0⅛	97¼	97¾	12/1	10⅝	11.15
Royal Bk. Scot. 5½ 94...	§‡0⅛	98¼	98¾	11/1	14.94	15.17
Soc. C. de Bque. 6½ 87	0⅛	96½	97	3/4	13⅜	13.70
Sogenal 5¾ 89	§0¼	96¼	96¾	11/1	10.81	11.20
Sweden 8¼ 91	‡0¼	97⅜	97⅞	18/1	15	15.38
TVO Pwr. 9 91 (D-lock)	0⅛	97⅜	97⅞	24/5	15.31	15.69
Utd. Overseas Bk 6 89	‡0¼	97⅜	97⅞	29/3	15.31	15.73
Williams & Glyn 5⅞ 91	0⅛	96½	97	14/3	13	13.44
Bq. E. d'Alg. 4¾ 89 SF	0⅛	96	96½	18/6	6.69	8.95

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktbolag 7⅞ 89...	10/79	146	98¾	99¾	−0¼	−7.85
Alco Int. Fin. 9½ 94 ...	1/80	40	91½	92½	+0⅛	14.00
Asahi Optical 7 94	11/79	605	94½	95½	+0⅛	6.21
Canon 6¾ 84	8/79	570	105⅛	106½	+0⅛	1.75
Ciba-Geigy O/S F. 4 94	9/79	675	88½	89¼	0	−2.07
Credit Suisse 4¾ 93 ...	10/79	1325	107¼	108⅛	−0⅛	−0.13
Daiei Inc. 6½ 94	11/79	1020	95⅝	97⅛	−0⅛	3.91
Esselte 7¾ 89	9/79	159	93¼	94½	+0⅛	0.56
Honda Motor 6½ 89 ...	5/79	532	105	106¼	+1½	1.52
LPC Internatnl. 8 89 ...	8/79	35	99¾	100½	0	7.13
Maidenshe Elec. 7 94...	12/79	210	93½	94½	−0⅛	15.39
Mitsubishi Co. 6½ 94...	10/79	604	122½	124	−1	9.57
Nippon Seiko 7⅛ 84 ...	12/79	335	93¼	94½	+0⅛	5.96
Nitto Elec. Ind. 6 94 ...	7/79	735	85⅝	86⅜	−0⅛	12.07
Toshiba Cpn. 7¾ 94 ...	10/79	198	97⅝	98¼	−0⅛	6.45
Union Bk. Switz. 6 89...	2/80	125	109⅝	111⅝	0	7.67
Fujitsu 5 84 DM	7/79	475	99⅞	100⅞	−0⅛	16.44
Kansai Elec. 4 84 DM...	4/79	1234	86⅝	87⅝	+0⅛	48.42
Tokyu Ld. Cp. 4 86 DM	4/79	493	79½	80½	+0⅛	58.12
Uny Co. 6½ 85 DM ...	11/79	1071	96⅝	99⅝	0	23.04

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Schering in U.S. electronics takeover

By Our Financial Staff

SCHERING, West Germany's fourth largest chemicals group and the country's leading producer of pharmaceuticals, has made a bid worth $11.6m for Chemcut Corporation of the U.S.

The proposed acquisition is seen as a further strand in the Berlin-based company's attempts to diversify away from the drugs industry which accounts for something like half of total sales and where Schering controls some major markets shares, notably in oral contraceptives.

Chemcut which makes machinery for the manufacture of printed electrical circuits is based in Pennsylvania and has plants in Arizona and Germany. Its sales last year totalled $16m, and employees numbered 360.

In 1978, Schering's world-wide sales totalled DM 2.2bn ($1.3bn) and profits at the net level recovered to DM 87.9m. During the first half of 1979 group sales rose by more than a fifth.

If the acquisition is successful, and the U.S. company's management have agreed to the deal, Chemcut will become part of Schering electroplating operations which presently account for something like 5 per cent of sales.

Saint Gobain foundry side back to profit

By Terry Dodsworth in Paris

THE FOUNDRY and pipe manufacturing division of the French conglomerate Saint-Gobain-Pont-a-Mousson is forecasting a return to profitability for the 1979 financial year after two years of losses.

This improvement follows an extensive re-organisation at Pont-a-Mousson, one of the older businesses in the group. In 1979 turnover was pushed up by 15 per cent to FFr 2.8bn ($699m) and about 1,000 jobs were trimmed from the business by closing two factories and selling off the PVC pipe *interests to* Pechiney Ugine Kuhlmann.

Pont-a-Mousson, based at Nancy in North Eastern France, claims to be the world leader in ductile gas-pipe. The up-turn last year, it says, was partly due to a turn around in its pipe activities, which account for 60 per cent of its turnover, but also to some of its ancillary interests, such as valves and meters.

The company says that its order books are sufficient to cover production for the next few months, and that its policy will be to maintain its leading world position in iron piping, launching a new ductile product this yaar.

The group, which currently employs 10,400 workers, is continuing *with* its policy of rationalisation. It is planning to invest FFr 180m this year.

Earnings at Ciba-Geigy fall short of budget

BY JOHN WICKS IN ZURICH

PROFITS AT Swiss chemical group Ciba-Geigy were below expectation last year. Sales developed well but costs ate into margins.

This is explained in the parent comapny's house journal by Dr. Louis von Planta, the chairman, who stresses nonetheless that prospects for the current year are promising. The group's *full results for 1979* are due to be announced next month.

Sales developed well last year in terms of volume but the company was faced with additional costs, mainly due to inflation. These were not fully offset by higher selling prices owing to market competition and governmental price restrictions.

Dr. von Planta says Ciba's prospects for 1980 are promising, although economic forecasts for major export markets are not entirely favourable. Business *is* expected to remain satisfactory, though Ciba draws due attention to the present political, energy and foreign-exchange uncertainty.

For the first half of 1979, Ciba increased turnover by 6 per cent to SwFr 5.31bn ($3.38bn) with each individual division making sales progress. This followed a decline in turnover of 10 per cent to SwFr 8.9bn for 1978 as a whole when net earnings dropped by 16 per cent to SwFr 360m.

At the interim stage last year the group explained that any profit predictions for 1979 were "made difficult" by the extent to which sales trends were being influenced by customer stockpiling.

* * *

SWISS travel-agency Reisebuero Kuoni has acquired a series of Austrian travel agencies from the *Austrian group*, Dr. Richard. The purchase involves the Viennese agencies Capri, Tempo, Merkur and Intertours. Kuoni will also take over the management of the Suedburg agency in Vienna which remains in the control of Dr. Richard. Kuoni is also to open a new branch of its own in the Eastern Austrian town of Bregenz.

MUI in bid for control of CSB

BY WONG SULONG IN KUALA LUMPUR

THE MONTH-LONG battla for control of Central Sugars Berhad (CSB), the diversified Malaysian group, broke out into the open yesterday when a bid was announced by Malayan United Industries (MUI), the relatively unknown investment company, controlled by Malaysian Chinese interests.

MUI moved to tighten its grip on CSB by disclosing to the Kuala Lumpur stock exchange that it bad reached a purchase agreement with some major CSB shareholders that would raise its stake from 25 to 42.6 per cent.

MUI would buy 3,975,000 CSB shares at 4.25 ringgit each to be satisfied by tha issue of *2,782,500* new *shares of 1* ringgit each in MUI and 8.45m ringgits ($3.89m) cash.

The sellers of the sbares are Datuk Kheo Kay Peng (812,500), Soo Lay Holdings (2,562,500) and KKP Holdings (600,000).

MUI said it was prepared to buy CSB shares from other shareholders on the same terms. The Malaysian associate of the Singapore group, Hong Leong, is believed to bold 30 par cent *of CSB, and* the *question now is* whether it will sell its stake or make a counter-bid.

Last week, market sources said Hoog Leong was having discussions with some banks to raise a major loan for the bid, but the latest MUI disclosure would make the success of a counter offer extremely difficult to achieve.

*The other substaotial share*bolder of CSB is the Malaysian Police Co-operative Society with some 8 per cent.

MUI has been building up its stake in CSB in recent weeks by buying heavily in the market. A month ago, it disclosed that it held 12 per cent, and three weeks later the staka was increased to 25 per cent.

Apart from refining and distributing sugar, CSB bolds a 40 per cent stake in Pan Malaysia Cement Works (PMCW), one of the two major cement manufacturers.

MUI is controlled by a group of Chinese businessmen headed by *Datuk Khoo Kay Peng*, who is on the Board of MUI and PMCW as well as chairman of CSB.

In a related announcement, MUI said it was offering a one-*for-one rights issue to raise* money to finance its purchase of CSB. The 11.5m new MUI shares would be sold at 2 ringgits each.

Estel chief gloomy on prospects

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH-GERMAN steel group Estel Hoesch-Hoogovens is sombre about prospects in the current year. The group as a whole was unable to achieve the hoped-for return to profit in 1979, with losses at its German steelworks in Dortmund exceeding the profits from its second major plant at Ijmuiden in the Netherlands.

The losses of recent years have weakened the company's financial position, holding up investments and delaying its programme of diversification, *Mr. Jan Hooglandt*, the chairman, said in a New Year message.

Forecasts for levels of steel demand in 1980 are less favourable, with signs of a recession in some markets, particularly in the car industry. Sluggish demand in Europe bas in the past been compensated for by exports elsewhere, but developments in the U.S. and the possible increase in trigger prices *indicate that this will be more* difficult this year.

While production costs at Ijmuiden are among the lowest in Europe, this steel plant faces high energy costs and difficulties in finding personnel. If the Ijmuiden plant could meet is energy needs in West Germany in 1980, it could save Fl 60m ($32m) on its fuel bills, Mr. Hooglandt said.

Estel may once again be forced to seek foreign workers to allow it to start up its new continuous-casting equipment and bring one of its furnaces back into operation.

The group produced 11.5m tonnes of steel in 1979, an increase of 8 per cent, including more than 5.4m tonnes in Ijmuiden. Sales of rolled steel products rose by 5 per cent in voluma to mora than 9m tonnes. This was to a larga extent due to increases in sales of semi-finished products.

The steel processing division is finding it difficult to pass on higher purchase prices to customers. The results of tha diversification division are not yet *satisfactory*, although Estel's coal and gas interests performed well. In the trading division, volumes rose, though prices were under pressure bere as well.

W. German papermaker climbs out of the red

BY KEVIN DONE IN FRANKFURT

ONE OF the leading West German paper manufacturers, Papierwerke Waldhof-Aschaffenburg (PWA), has staged a major recovery over the last 12 months after making losses in 1977 and 1978.

Total group sales rose by 17 per cent to just nnder DM 2bn ($1.17bn). The company operated profitably last year and is expected to pay a dividend—for the first tima since 1976. Last year's results would offer the opportunity to cancel out the 1978 balance sheet loss of DM 17.4m, the executiva board said.

Operating losses of about DM 35m were recorded in both 1977 and 1978. The board statement offers a firm hope to sharebolders that a dividend will be forthcoming, the first since the *DM 5 per DM 50 share* paid in 1976.

PWA's main business areas are the manufactura of a wide range of graphic paper, household tissues (paper handkerchiefs, toilet paper and kitchen rolls) nnder the trade mark Zewa, aod corrugated paper and board. Exports, whicb account for about 25 per cent of sales, showed a similar growth in demand to the bome market, and the company is operating near to capacity for the production of both graphic papers and household tissues.

Sales of raw materiala for corrugated paper and board were the chief black spot last year.

Large sharebolders in PWA include two Swedish companies, Svenska Cellulosa and Sundsvall, both with aboot 10 per cent. Bayerische Hypotheken und Wechsel Bank with more than 25 per cent and the Bayerische Landesanstalt für Aufbaufinanzierung with about 10 per cent.

Nippon Steel to raise capital spending

TOKYO — Nippon Steel Corporation, the largest steel maker in the world, plans to resume active spending on plant and equipment in the fiscal year starting in April to increase its *international competitiveness.*

The company said it will construct a hot strip mill at its Yawata plant, a continuous cold-rolling mill at Hirohata, a continuous casting mill at Nuroran and a continuous annealing processing line at Nagoya.

It wil also modernise wire rod manufacturing facilities to improve product quality at its Nuroran, Kanaishi, and Hikari plants.

The company is still working out details of the investments, but the total could exceed Y200bn ($864m) *in fiscal* 1980 compared with an estimated Y160bn in fiscal 1979.

Since the 1973 oil crisis, the company has restricted capital spending to within two thirds of depreciation.

Reuter

NEW YORK

Firmer early Wall St. bias

WITH DEFENCE and some Commodity issues meeting fresh speculative buying and a number of take-over situations also showing strength, Wall Street displayed a firmer bias yesterday morning in another active trade.

The Dow Jones Industrial Average edged ahead 2.90 to 834.90 at 1 pm, while the NYSE All Common Index added 19 cents at $61.59 and rises outpaced falls by an eight-to-five ratio. Turnover came to 30.39m shares, compared with Monday's 1 pm level of 29.26m.

Analysts said there was no real investment demand but that speculators continued to buy the Defence and some Commodity stocks.

"There is no indication of an early resolution to the problems in Iran and Afghanistan," commented one analyst.

Active Boeing, however, which has risen sharply in recent sessions on speculation in Defence issues, lost 1⅛ to $56.

Among Silver and Gold shares, Asa reacted 1⅜ to $44, Hecla Mining 2⅞ to $42 and Sunshine Mining $1 to $34¾. Gold Bullion receded from recent highs and spot silver declined following imposition of new trading limits in the U.S. Silver futures prices rose, however.

Among other Metals, Copper shares declined but Aluminum and Steels advanced. Kennecott Copper shed ½ to $34¼ and Asarco 1⅜ to $42⅜.

Alcoa added ⅜ at $56⅜ despite cancelling plans to build a smelter in the USSR. U.S. Steel put on ⅜ to $18½ and Bethlehem Steel 1¼ to $23¼.

Excitement in the gasohol-related stocks abated. Archer-Daniels-Midland eased ⅛ to $32⅛, A. E. Staley ¼ to $33¼ and CPC International ¼ to $62⅝.

Missouri Pacific rose 2⅞ to $54 before a trading halt and Union Pacific gained ½ to $72¼. The boards of both companies have agreed in principle to merge through an exchange of stock.

THE AMERICAN SE Market Value Index was 1.51 higher at 247.89 at 1 pm after a large turnover of 4.53m shares (4.75m).

Oils firmed. Houston Oil rising ⅞ to $24½, Dome Petroleum 1⅛ to $48⅞ and Gulf Canada ½ to $101.

Closing prices for North America were not available for this edition.

Canada

In very busy early trading, Golds were broadly down on profit-taking, but markets otherwise retained a firming tendency. The Toronto Composite Index stood at a new record of 1818.3 at noon, up 4.2 on the previous day. The Metals and Minerals and Ore and Gas indices were also up, at 1870.1 and 3724.9 respectively.

In Montreal, the Utilities index advanced 1.52 to 246.37 and Banks 0.49 to 300.69.

Tokyo

Market finished mixed but with a bias to higher levels, following the previous day's easier tendency.

The Nikkei-Dow Jones Average picked up 10.63 to 6,563.28, but the Tokyo SE index was a marginal 0.10 easier at 458.14. Trading remained active, with about 600m shares changing hands against Monday's 650m.

Energy-related issues mainly weakened, but some Oil Refiners whose margin requirements were lowered yesterday rallied, with Showa Oil rising Y10 to Y320 and Mitsubishi Oil Y9 to Y321.

Foods, Real Estates, Chemicals, Machines and Light Electricals generally improved, but non-ferrous Metals, which advanced in the morning on higher overseas Gold prices, mostly finished lower on balance on profit-taking. Nippon Mining fell Y15 to Y280 and Dowa Mining Y18 to Y463.

Shipping Lines and Trading Houses continued to fall following President Carter's cut in grain supply to the Soviet Union, Marubeni retreating Y17 to Y362, Mitsui OSK Line Y9 to Y218 and Nippon Yusen Y20 to Y317.

Motors also declined, with Yamaha notable for a fall of Y36 to Y863.

Germany

Most stocks showed some improvement in fairly busy trading, the Commerzbank index rising 3.5 to 706.4.

Electricals were well favoured, with Varta adding DM 3.80, Brown Boveri DM 3.70 and Siemens DM 1.50. Daimler advanced DM 1.80 in Motors, while Machine Manufacturers were noteworthy for Babcock, up DM 2.

Public Authority Bonds recorded falls ranging to 45 pfennigs. The Regulating Authorities bought a nominal DM 10.8m of paper after sales of DM 3.1m on Monday. Mark-denominated Foreign Loans were steady.

Paris

Share prices advanced across the board in average volume. Trading in five issues was momentarily suspended because of a lack of selling orders. Gains outscored declines by 142 to 39 in the French section.

Dealers said the easing of the gold price and the firmer tone of the dollar encouraged buyers.

Electricals, Metals and Oils were strongly favoured, with Labinal, Crouzet, Chiers-Chatillon, Usinor and Esso closing between 8 to 11 per cent above Monday's prices. Other strong spots were BCT, Revillon, Mumm, Bouygues, Dassault, Club Mediterranee, Seoa, CGIP, Applications des Gaz and Air Liquide.

Declining against the general trend were CIC, Casino, CEM, SAT, CM Industries and Navigation Mixte.

Hong Kong

The market sharply rebounded yesterday in further active trading, with the Hang Seng index recovering 32.14 to 848.14, following Monday's fall of 32.66.

Dealers said there were few new factors in the market, and the turnround was largely a technical reaction to recent falls.

In the leaders, Jardines added 50 cents to HK$15.60, Hong Kong Bank 90 cents to HK$18.80 and Hong Kong Wharf HK$2.50 to HK$75.00.

Among properties, Hong Kong Land gained 50 cents to HK$13.80. Hong Kong Realty rose HK$1.20 to HK$15.60 on rumours that its parent, Wheelock Marden, may be considering a move that would involve an asset revaluation.

Australia

Markets became rather nervous yesterday after their recent strength, with Gold and other Metal Mining issues generally retreating on a bout of profit-taking. The Sydney All Ordinaries index shed 4.48 to 764.29 and the Metals and Minerals index 97.14 to 4,711.70.

Central Norseman Gold reacted 86 cents to A$6.10, CNK 35 cents to A$3.65 and Poseidon 20 cents to A$2.40.

Among Base Metal-producers, MIM receded 25 cents to A$4.50, Bougainville Copper 15 cents to A$2.85, North BH 7 cents to A$2.88 and Western Mining 16 cents to A$3.55, but Tin Miner Aberfoyle advanced 20 cents more to A$5.30.

Market leader BHP shed 5 cents to A$12.00 and CSR 6 cents to A$4.88.

Among mixed Oils, AOG lost 10 cents to A$1.45, but Oilmin put on 10 cents to A$2.10.

The Rundle Shale Oil partners advanced on Press reports that Japan will help to develop the shale oil reserves, with Central Pacific rising A$1.50 to A$35.00 and Southern Pacific 30 cents to A$14.00.

Singapore

Prices improved in moderate trading. Gains were widespread, with Properties, Plantations, Industrials, and even Banks, which had lagged behind as the rest of the market firmed in the past few days, going higher.

Among featured issues, Tractors Malaysia, largely owned by the Sime Darby Group, rose to S$7.35 from Monday's close of S$6.80. Pan-Electric ended up 5 cents at S$1.53, after rising as high as S$1.59.

Johannesburg

Gold shares closed generally lower in line with the slightly easier international gold price. Vaal Reefs lost R1.50 to R68.50.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

COMMODITIES and AGRICULTURE

Moves to curb silver speculation

BY STEWART FLEMING IN NEW YORK

GROWING CONCERN that a handful of large traders might be in a position to corner the silver futures market sparked an investigation yesterday of silver futures positions by the Commodity Futures Trading Commission (CFTC), the U.S. Government agency which shares the regulation of the futures markets with the exchanges themselves.

A CFTC spokesman said that the commission had called in representatives of the Chicago Board of Trade and the New York Commodities Exchange (Comex) because of concern about the concentration of holders of long positions in silver and the growing tendency of holders of silver futures contracts to take physical delivery of the commodity.

The move follows evidence of mounting concern within the exchanges themselves on these point. On Monday night the Comex, using its emergency self-regulatory powers, announced that it had adopted position limits for silver futures contracts and increased disclosure requirements.

There has been widespread speculation in the precious metals market generally, but nowhere more strikingly than in silver. In the middle of last year silver had risen in price to $8 an ounce. Since then the price has risen to nearly $40 an ounce.

The position limits announced by Comex prevent any individual dealing on the exchange to establish or increase his position in futures falling due this month or next if his total gross position in either month were to exceed 500 contracts. A contract consists of 5,000 ounces of silver. Subsequently, effective from February 18, every Comex customer will have a net position limit of 2,000 contracts. Those with higher positions must reduce excess positions by 10 per cent.

In addition, under new rules, traders in silver futures will he obliged to disclose their names, addresses and business affiliations. Foreign banks will be required to disclose identities of their clients or be subject to the same limits as individual traders.

The new disclosure requirements are creating concern that business will switch to other exchanges, particularly in London. Comex's main rival, the Chicago Board of Trade, bas previously adopted rules requiring silver positions to be restricted or redneced to 600 contracts but has not adopted stiff disclosure requirements for foreigners.

The exchanges themselves have been concerned about mounting speculation damaging the markets and a Chicago Board of Trade spokesman conceded that liquidity has been adversely affected already. The increasing tendency of traders to take physical delivery on contracts also threatens their efficiency.

Cocoa up despite U.S. demand cut

By John Edwards, Commodities Editor

COCOA prices advanced strongly yesterday, in spite of news of an unexpectedly large fall in U.S. grindings during the fourth quarter of 1979. The U.S. Chocolate Manufacturers' Association said total grindings during September-December fell to 40,752 short tons—a drop of 18.3 per cent compared with the same period last year. Grindings for the whole year, however, were only 1.45 per cent lower at 176,700 tons.

The sharp fall in the fourth quarter took the market by surprise, since traders were generally forecasting a decline in grindings of between 10 per cent to 15 per cent.

But it was pointed out the grindiogs are only one measure of cocoa consumption—they could he cut by a rise in imports of semi-finished products, like cocoa butter and liquor.

Meanwhile the market is more concerned at present with a developing shortage of supplies available, as a result of the Ivory Coast—and other producers—refusing to sell until prices reach more "reasonable" levels. Effects of this stockpile policy, if maintained, should be really felt in the next few weeks as manofacturers' stocks are run down. It was noticeahle yesterday that the March position on the futures market movad to a premlum over May. It gained £42 to £1,479.5 a tonne, whils May moved np by £38 to £1,476.5.

The rise was encouraged by the decline in sterling, and a general technical reaction to the recent price falls.

U.S. grain markets trading ban lifted

BY STEWART FLEMING IN NEW YORK

THE U.S. Commodities Futures Trading Commission has announced that it will permit trading in the main grain commodities on the U.S. futures markets to resume today.

The suspension of futures trading, to which the exchanges reluctantly acquiesced, was ordered because of fears that the futures market might be hit by massive liquidation of contracts which would drive down both futures and cash grain prices. There was concern too that some international grain trading companies would face severe financial loss and even bankruptcy as a result of the Administration's decision to halt grain sales.

The CFTC said yesterday that now that the Administration has made known the action it will take to prevent adverse effects on the markets, and market participants have had time to assess the impact of the embargo, no necessary purpose will be served by a further suspension of trading on the futures exchanges.

Dealers were anticipating that grains would be marked down in price as a result of the Administration's embargo. Already on exchanges outside the U.S., including Tokyo and Winnipeg prices fell yesterday.

Our commodities staff writes: Meanwhile the EEC Commission yesterday suspended the advance fixing of cereals import levies for all member countries until Friday because of the sharp falls expected in cereals futures prices when the U.S. markets re-open.

This means the levies can be fixed only for 24 hours instead of 45 days. Traders said they believed the regulation was issued to prevent heavy pre-fixing of large quantities of grains for import into the EEC on the expectation of falling world prices.

Grain prices in Europe showed some signs of steadying. Barley and wheat futures in London closed slightly higher. There were steadier prices for soyabeans

FARMING CONFERENCE

Gloomy days at Oxford

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

AN INDICATION of farmers' anxiety about their future is that more than 600 of them are attending the Oxford farming conference which opened yesterday aod so far they have learned nothing for their comfort.

The EEC Common Agricultural Policy is costing too much and prodncing too many surpluses. This was the message from both Roy Jenkins and Peter Walker at the opening dinner. But the only cure put forward was to cut out the inefficient and poorer farmer by social payments.

Sir Henry Plumb, once president of the National Farmers Union and now chairman of the agricultural committee of the European Parliament, seemed to be aware of the prohlems. He suggested consumer subsidies would encourage food consumption which was actually dropping in the Community and also said a price "freeze" might keep production in check. However, he claimed no real reform of the CAP could come about until the economic recession passed away, allowing smaller farmers to leave the land aod prices throughout the EEC to be equalised in the end.

Other possibilities were to make alcohol from grain. To check the milk surplus, he thought a quantum, or standard quantity, might limit expenditure.

Sir Henry seems to be having difficulty in making the transition from beiog a lobbyist for British farming to being a European statesman.

One of the straws clutched hy frustrated farmers is the notion that the world is short of food and that if only economic priorities worked out shortages would arise that would absorb unlimited production. They got no comfort from Dr. A. Simantov, director of food for the OECD, who convincingly pointed ont that the scope for food production in developed countries was probably ample for future demand. He added that the Third World had the resources within their own boundaries to feed themselves.

Nor was there much joy from Prof. John Marsh, who reviewed British farmers experience since joiniog the EEC. He said they had suffered from the unfairness of the uoder-valued "green pound." Now that UK prices were approaching EEC levels they were faced with a prohable price freeze overall which would keep profit margins very tight. This would, of course, affect European farmers as well, bnt the professor inferred that UK farmers with their high-cost labour could well be at a disadvantage to the family farms in the rest of the EEC.

The belt-tightening qualities of family farmers were also commended hy Henry Fell, a Lincolnshire farmer who has French farming interests. He felt that the UK farmers had suffered too loog from the restrictions of the cheap food policy of successive governments but this would not prevent them from pushing up production which was essential if unit costs were to be reduced.

He called for a dynamic marketing and export policy to try and capture more of the home market and expand in Europe and elsewhere.

The audience, whose belts had not been noticeahly tightened recently, reacted with some indifference to these prophets of doom. They had heard a good deal of it before. But there did seem to be a growing awareness that the future could be rough.

New methods for selling NZ wool

BY DAI HAYWARD IN WELLINGTON

EXTENSIVE changes to New Zealand's traditiooal auction method of selling its wool clip will be introduced this year. The new developments intended to stream-line buying and selling, which have already begun, will be speeded up when the new roster for 1980-81 sales is announced in February.

Before 1982, the buying, selling and handling of NZ wool will see greater changes than in the whole of this century, according to Mr. Sandy Cassie, the NZ Wool Board's grower services manager.

Two major factors are forcing the introduction of new and different oelling methods: first is the sale by "separation" which enables wool to be sold by sample.

Buyers a an auction in one city can see, judge and bid for wool on the basis of seeing and handling only a small sample of wool held in store in another city perhaps hudnreds of miles away. This gives the auctions greater, flexibility and rednces transport and handling costs.

With separation selling a grab sample and a core sample are taken from each hale of wool. The grab sample goes to the auction floor where individoal huyers see it on the day before the sale and make their judgment of its quality and valoe.

The core sample is sent to a testing authority which records fibre diameter, yield and inclusioo of any vegetahle or other matter. An internationally accepted certificate is issued which potential huyers can compare with their own judgement.

The method of sale by separation was introduced as part of the continual effort to cut costs and speed up the flow of wool from the shearing gate to manufacturer's warehouse.

The second factor forcing changes in the traditional buying aod selling method is one threatening the very existeoce of the auction floor system.

This is the rapid growth in private selling direct to buyers hy wool growers, hy-passing the auction floor. The amount of NZ wool sold privately has reached 25 per cent and is worrying wool industry leaders and the Wool Board. They claim the whole auction system is endangered with one quarter of New Zealand's wool being sold without being subject to the voluntary restraiots of the auction ystem—restraints set up initially to beoefit the farmers who are now undermining the system as well as huyers and users of wool.

The Wool Auction Sales Committee—an autonomous body represeoting growers, brokers and buyers—has the joh of revising the auction system to make it more attractive to growers and remove some of the difficulties it imposes on buyers and sellers.

The greatest problem the committee has to solve is to make the roster system more flexible. The roster fixes sales and the amount of wool to be handled at each sale. The limit on quantities, especially at the peak of the season is ooe of the maio reasons for farmers selling their wool privately without going through the auction floor.

When prices are high and a farmer is told his wool canoot he offered at the next sale hecause the roster is full, be does not want to wait two months for the next auction. Prices may fall and be is anxious to have his money io his pocket So he negotiates a private sale

There can be oo suggestion of banniog private sales and insisting that all wool go through the auction system. New Zealand farm politics would not allow this.

Two big changes which wool buyers and overseas wool companies can expect to see in NZ's auction system in the near future are the end of one-day sales and a much bigger volume of wool offered at all sales.

The oales will be split into afternon and morning sessions. Sales will begin at lunch time, end late afternoon and resume next morning. It has been found that when sales drag on to 7 pm or 8 pm buyers become tired and lose their enthusiasm. Bidding—and prices—sag. Closing io late afternoon will remove this.

Another advantage is that overseas buyers on the other side of the world would have another day's tradiog and time to consider their requirements

It is likely that the Wellington wool sale in March will become a moch bigger auction with wool coming from all main centres—not just the Wellington region.

For this to work successfully there will have to he more emphasis on sales hy separation and hy sample. The sample method of buying has generally found favour with the trade. Last year 26 per cent of wool going through the auction was sold by sample. This trend will increase in 1980 and in fact the first ever complete sale hy separation is set down for February.

The Wool Board admits that selling privately can be of henefit and provide a financial advantage to individual farmers. What the Board wants to do now is somehow give the auction floor the advantages and flexibility of private selling. Sale by separation aod sample could help to do this.

Anxiety hits metals

BY OUR COMMODITIES EDITOR

METAL markets in London remained extremely nervous yesterday, reflecting anxiety over the repercussions of the U.S. grains embargo and declines in gold and silver.

The London bullion spot quotation for silver was cut by 247.85p to 1,486.1p a troy ounce at the morning fixing, after falling even more sharply in earlier trading. On the London Metal Exchange copper prices fell heavily. Cash wirebars closed £39 lower at £1,005 a tonne in another day in active trading.

Although the market rallied at one stage on modest trade buying, substantial selling emerged when the New York market opened lower and prices were forced down even lower on the late kerb.

In New York Asarco announced it was cutting its domestic selling price for copper by 4 cents to $1.08 a pound. Last week for a brief time Asarco lifted its price to $1.20.

Lead prices collapsed again yesterday. Cash lead fell by £20 to £470 a tonne, making a loss of over £60 in the last three trading days. Dealers fear that the U.S. grain embargo may also result in difficulties over selling lead to the Soviet Union. Russian buying has been the main influence in the past year behind the hig rise in the lead market.

Farm land price decline continues

By Our Commodities Staff

THE AVERAGE price of farm land sold with vacant possession in the three months ended November 1979 was £4,002 a hectare, according to Ministry of Agriculture figures published yesterday.

This continues the decline which began following the May/July peak of £4,344 a hectare. In the three months to October the average was £4,121 a hectare.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Fell heavily on the London Metal Exchange. Forward metal opened lower at £1,043, reflecting the overnight trend in the U.S., but picked up to trade around £1,056 on the morning kerb reflecting modest trade buying. However, in the afternoon rings and on the late kerb heavy profit-taking and short selling came into the market following the downturn on Comex and this depressed forward metal to £1,026 prior to a close of £1,027. Turnover 24,525 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,030, three months £1,054, 53, 54, 55, 55.5, 56, 53, 51, 49, 48, 49, 51, 52, 53, 54, 56, 55. Cathodes, cash £999. Kerb: Wirebars, three months £1,054, 53, 54, 55, 54, 53, 51, 50. Afternoon: Wirebars: Three months £1,030, 32, 31, 32, 31, 30, 31, 32, 34, 35, 34, 33, 32, 33, 34.5, 34, 33, 32, 31. Cathodes, three months £1,008. Kerb: Wirebars three months £1,032, 33, 34, 31, 30, 29, 26, 25, 28, 27, 28, 27.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1029-30	-32	1004-5	-39
3 months	1055-6	-32.5	1031-2	-39
Settlem't	1030	-32	—	......
Cathodes				
Cash	998-9	-25.5	978-9	-37.5
3 months	1029-31	-26.5	1008-10	-35.5
Settlem't	999	-28	—	......
U.S. Prod.	—	......	*110-18	......

TIN—Easier. Forward metal opened around £7,240 and drifted back throughout the day to close the late kerb at £7,210 with sentiment affected by the weakness of copper and firmer sterling. Turnover 955 tonnes.

Morning: Standard: Cash £7,360, 70, 60, 55, 70, 80, 70, three months £7,220, 25, 35, 40, 20, 10, 30, 20, 25, 30. Kerb: Standard, three months £7,225. Afternoon: Standard, three months £7,240, 20, 10, 20.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7370-90	+5	7340-60	+15
3 months	7230-80	-35	7215-60	-12.5
Settlem't	7390	+15	—	......
Standard				
Cash	7370-80	......	7340-60	+15
3 months	7230-40	-10	7215-20	+5
Settlem't	7380	......	—	......
Straits E.	‡1810	-5		
NewYork	—			......

LEAD—Fell sharply with initial influential selling touching off general liquidation and stop-loss selling. After opening around £482 on the pre-market forward metal retreated to £477.5 on the morning kerb and lost further ground in the afternoon to touch £452 prior to closing the late kerb at £458. Turnover 13,150 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	483-5	-11	469-71	-20
3 months	479-80	-7.75	487-8	-17.8
S'ment	483	-11	—	......
U.S. Spot	—	......	*52-55	......

Morning: Cash £484, 83, three months 482, 81, 80, 78, 79, 78, 75, 76, 78, 77, 78, 79, 80, 79. Kerb: Three months £479, 79, 77, 76. Afternoon: Cash £471, three months £473, 70, 68, 67, 66, 67, 66, 69, 70, 68, 70, 71, 72, 71, 70, 69, 68.5, 69, 68. Kerb: Three months £468, 66, 65, 64, 62, 60, 58, 57, 58, 56, 55, 52, 50, 49, 56, 58, 59, 68.

ZINC—Easier in quiet trading with forward metal falling back from around £340 early on to a low of £335 prior to a close of £336.5 on the late kerb, mainly reflecting the sharp falls in copper and lead. Turnover 4,150 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	392-3	-3.5	381-5	-4
3 months	338-.0	-2.25	336-7	-5
S'ment	393	-4	—	......
Prim w'st	—	......	*37.0	......

Morning: Cash £332, three months £338, 37, 38, 38.5. Kerb: Three months £338, 37, 38. Afternoon: Three months £334, 35, 36, 37. Kerb: Three months £337, 38, 36, 38, 35, 34, 36, 37.

ALUMINIUM — Slightly firmer. After opening around £860 forward material edged up to £868 owing to a follow-through of the good demand seen the previous day. In the afternoon, however, the fall in copper prompted modest selling of aluminium but renewed demand towards the end of the late kerb saw forward metal close at £865. Turnover 4,550 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	895-7	+6	892-5	+7.5
3 months	866-7	-3	867-8	+.5

Morning: Cash £897, three months £866, 68, 67, 66, 65, 68. Kerb: Three months £864. Afternoon: Three months £861, 62, 63, 62, 60, 62, 63, 62, 61, 62, 63. Kerb: Three months £863, 61, 60, 58, 58, 58, 60.

NICKEL—Marginally easier with forward metal dipping from £2,880 on the early pre-market to close the afternoon kerb at £2,855 reflecting lack of fresh buying interest, a rise in sterling and the losses in other base metals. Turnover 246 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2770-80	+9	2760-5	-17.5
3 months	2855-85	-9.5	2855-60	-27.5

Morning: Cash £2,770, three months £2,880, 75, 70, 60. Kerb: Three months £2,860. Afternoon: Cash £2,765, 67, 70, 65, 60, three months £2,855.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 247.85p an ounce lower for spot delivery in the London bullion market yesterday at 1,486.1p. U.S. cent equivalents of the fixing levels were: Spot 3,352.0c, down 548c; three-month 3,446.9c, down 584.7c; six-month 3,505.4c, down 572.1c; and 12-month 3,646.3c, down 541.0c. The metal opened at 1,510-1,640p (3,400-3,700c) and closed at 1,460-1,550p (3,300-3,500c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	1486.10p	-247	1490.0p	-195
3 months	1536.10p	-264	1535.0p	-115
6 months	1589.10p	-258	—	......
12months	1646.10p	-249	—	......

LME—Turnover 138 (213) lots of 10,000 ozs. Morning: Cash 1,500, three months 1,510, 05, 1,500, 10, 40, 50. Kerbs: Three months 1,550. Afternoon: Three months 1,550, 55, 60, 50. Kerbs: Three months 1,550.

COCOA

Opening £20 higher this morning futures remained steady reflecting market concern over the West African producers statement that they would withdraw as sellers at current levels. The U.S. fourth quarter grind, announced at 19.3 per cent lower than the comparative 1978 figure, failed to impress and at the closing call levels were at the recent highs, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1479-80	+42.0	1480-47
May	1476-77	+37.5	1478-58
July	1484-80	+31.0	1485-60
Sep	1500-05	+34.0	1500-1482
Dec	1520-30	+31.0	1524-08
March	1550-50	+05.0	—
May	1545-75	+90.0	—

Sales: 2,283 (598) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price Jan. 7: 141.55 (140.37). Indicator price Jan. 8: 15-day average 144.33 (144.52); 22-day average 143.65 (143.90).

COFFEE

Robustas made gains of up to £30 at the opening with buying coming mainly from the trade which contioued steadily over the morning. A strong New York prompted London again to new highs with mixed dealings before commission house selling together with some profit-taking erased earlier gains by £20 in most positions with spot January exceptionally weak towards the close, reported Drexel Burnham Lambert.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
January	1570-71	+4	1610-8
March	1600-01	+26	1624-90
May	1612-13	+24.0	1634-10
July	1623-25	+30.5	1645-19
Sept	1615-18	+34.5	1650-19
Nov	1620-23	+30.5	1635-20
January	1618-33	+35.0	—

Sales: 4,808 (2,596) lots of 5 tonnes.

ICS indicator prices for Jan. 7 (cents per pound): Other Mild Arabicas 178.57 (174.67). Robustas ICA 1976 165.25 (165.50). ICA 1968 165.50 (165.75). Unwashed Arabicas 213.50 (same). Comp. daily ICA 1968 187.96 (187.86).

GRAINS

The market opened 15 lower and once again found large scale shipper selling and values dipped to 45 points lower with speculative selling from the country acted at the lows. Large scale shipper buying from major shorts provided a bottom and values improved rapidly after lunch to close on old crops wheat between 10-20 points higher and old crop barley between 20-35 points higher with country offers evaporating. New crops were under large scale hedge pressure and closed lower, reported Acli.

Mnth	WHEAT Yest'rdays close	+ or —	BARLEY Yest'rday close	+ or —
Jan	94.90	+0.20	91.69	+1.35
Mar	98.80	+0.15	95.40	+0.20
May	103.25	+0.10	99.60	+0.30
Sept	96.90	-0.29	93.45	+0.40
Nov	100.55	-0.10	97.40	-0.05

Business done—Wheat: Jan. 94.80-94.40, March 98.95-98.25, May 103.30-102.70, Sept. 97.00-96.90, Nov. 100.60-100.40. Sales: 409 lots of 100 tonnes. Barley: Jan. 91.60-91.00, March 95.50-94.75, May 99.60-98.85, Sept. 93.95-93.65, Nov. 97.40-97.30. Sales: 465 lots of 100 tonnes.

IMPORTED—Maize: French Jan. 119, Feb. 117. Barley: English feed fob Jan. 96.50, Jan.-March 98.00, April-June 103.00 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 91.80, S. West 94.00, W. Midlands 92.50, N. West 93.20. Other milling wheat: W. Midlands 97.50.

RUBBER

The London physical market opened steady with fair interest throughout the day, closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 312 (307) cents a kg (buyer, January).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Feb.	70.70-71.15	69.25-70.50	70.70-70.60
Mar	71.75-72.30	70.25-71.25	72.00-71.80
Apr.-Jne	73.40-73.45	72.65-72.60	73.65-72.75
Jly.-Sept	75.45-75.50	74.60-74.70	75.50-74.55
Oct-Dec	77.45-77.50	76.60-76.75	77.50-76.50
Jan-Mar	79.50-79.55	78.55-78.70	79.50-79.26
Apr-Jne	81.50-81.65	80.60-81.65	81.55-81.50
Jly.-Sept	83.65-83.70	83.20-83.50	83.65
Oct-Dec	85.85-85.75	85.30-85.50	85.70

Sales: 302 (275) at 15 tonnes, 26 at 5 tonnes.

Physical closing prices (buyer) were: Spot 69.75p (68.50p); Feb. 69.40p (68.40p); March 70.50p (69.50p).

SOYABEAN MEAL

The London market opened £1.00 higher on news that the U.S. will take up grains at agreed Russian contract prices, reported T. G. Roddick. Some profit-taking was evident during the afternoon session but prices remained steady.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
February	118.20-18.4	+0.40	120.00-18.90
April	115.30-15.5	+0.80	118.20-15.50
June	114.10-14.4	+0.60	115.20-14.15
August	118.90-17.0	+0.70	118.00-17.00
October	114.80-15.5	+0.75	115.00-14.80
December	117.10-17.3	+0.05	117.10-17.00
February	118.00-20.0	+1.0	—

Sales: 178 (164) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £164.00 (£165.00) a tonne cif for Jan.-Feb. shipment. White sugar daily price was £182.00 (£182.50).

The market opened some 100 points above kerb levels but prices eased later following reports that low-priced offers had been received by both Egypt and the North Yemen. Later, however, the market recovered on arbitrage buying following higher New York quotations, and closing prices were around the highs of the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	172.80-73.00	170.75-71.00	173.25-69.00
May	176.50-76.40	173.50-74.00	176.75-72.25
Aug	176.40-76.78	174.00-74.50	177.00-72.50
Oct	178.50-78.55	174.00-74.50	178.50-72.50

Sales: 4,274 (6,127) lots of 50 tonnes.

NO. 4 CONTRACT—Close (in order buyer, seller only): May 175.00, 175.75; Aug. 175.00, 175.75; Oct. 175.55, 176.00; Jan. 175.50, 176.75; March 176.50, 177.00; May 176.50, 177.00. Sales: 359 (139).

LONDON WHITE SUGAR—Close (in order buyer, seller only): Feb. 179.00, 182.00; April 180.00, 183.00; July 180.00, 188.00; Sept. 181.00, 188.00; Nov. 191.00, 188.00; Feb. 182.00, 189.00; April 183.00, 190.00.

Tate and Lyle ex-refinery price for granulated basis white sugar was £318.70 (same) a tonne for home trade and £242.00 (£243.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for January 7: Daily price 14.43 (14.91); 15-day average 14.98 (14.95).

WOOL FUTURES

LONDON GREASY WOOL—Close (in order buyer, seller only). Pence per pound. March, May, July, Oct., Dec., March, May, July all 232.0, 242.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only). March, May, July, Oct., Dec., March, May, July all 188.0, 198.0.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Micron Contract: March 441.0, 441.5, 441.0-432.0, 124; May 467.0, 468.0, 468.0-461.0, 166; July 482.0, 483.0, 484.0-476.0, 378; Oct. 478.0, 480.0, 481.0-475.0, 82; Dec. 477.0, 480.0, 481.0-474.0, 106; March 481.0, 482.0, 486.0-480.0, 68; May 483.0, 485.0, 485.0-480.0, 20; July 484.0, 485.0, 488.0-481.0, 32. Sales: 876.

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 8 1980	+ or —	Month ago
Metals			
Aluminium	£760/70	......	£760/70
Free Mkt (cs)	$1850/1860	......	$1750/80
Copper			
Cash w'bar	£1,005	-39	£1008.5
3 mths	£1,031.5	-39	£1008.75
Cash Cathode	£977.5	-35.5	£974.5
3 mths	£1,009	-36.5	£987
Gold troy oz.	$617	-13	$447.5
Lead cash	£470	-20	£546
3 mths	£407.5	-17.5	£587.5
Nickel	£3,860.17	......	£3,260.17
Freemkt(cif (lb)	275/320c	......	270/310c
Platin'mtr'y oz	£190.0	......	£176.5
Free mkt	£324.85	+16.70	£257.10
Quicksil'ver	$380/390	......	$360/370
Silver troy oz	1486.10p	-247.8	908.05p
3 months	1536.10p	-264.8	930.55p
Tin Cash	£7,350	+15	£7,567.5
3 mths	£7,217.0	+5	£7,437.0
Tungsten 22.04lb	$158	......	$138.75
Wolfrm 22.04 lbs	$155/159	......	$152.5/158
Zinc cash	£329	-4	£341
3 months	£336.5	-5	£348.0
Producers	$780	......	$780
Oils			
Coconut (Phil)	$880r	-5	$910
Groundnut	‡	......	‡
Linseed Crude	£368	......	£400
Palm Malayan	$605s	+9	$647.5
Seeds			
Copra Philip	$570r	......	$600
Soyabean (U.S.)	$288.0v	+9	$291.80
Grains			
Barley Futures	£90.40	-1.60	£97.85
Maize			
French No3AM	‡	......	‡
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	‡	......	£106
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,540	+42	£1,579
Future May	£1,470.0	+37.5	£1,483.5
CoffeeF't'rMar	£1,600.5	+80	£1,678.0
Cotton A.Index	84.55c	......	81.60c
Rubber (kilo)	69.75p	+1.25	67.50p
Sugar (Raw)	£164	-1	£168
Wooltp's 64s kl	279p kilo	......	278p kilo

r Jan.-Feb. s Feb. v Jan./March. t March-April. u April. z Indicator. § Buyer.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 291 tonnes, bringing the total for the week so far to 557 tonnes. Fair general demand encountered, but only scrappy offtake, with attention chiefly centred on North and South American styles.

★

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.50-£6.00, codlings £3.50-£4.50. Large haddeck £5.00-£6.20, medium £4.50-£5.90, small £3.80-£4.40. Best small plaice £5.90-£6.20. Skinned dogfish (large) £12.00, medium £9.00. Rockfish £2.50-£2.90. Saithe £3.90.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 65.0 to 69.0; Eire hindquarters 78.0 to 82.0, forequarters 47.0 to 49.0. Veal: Dutch hinds and ends 114.0 to 119.0. Lamb: English small 58.0 to 64.0, medium 54.0 to 60.0, heavy 44.0 to 56.0. Imported frozen: New Zealand PL new season 53.0 to 54.0. Pork: English, under 100 lb 39.0 to 50.0, 100-120 lb 38.0 to 49.0, 120-160 lb 37.0 to 48.0.

MEAT COMMISSION—Average fatstock prices at representative markets on January 8. GB cattle 78.8p per kg lw (+0.03); UK sheep 134.6p per kg est dcw (−4.0); GB pigs 62.6p per kg lw (−4.9).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Spania: Navel/Navelinas 3.80-4.40; Jaffa: Navels/Shamouti 50/189s 3.90-5.25; Greek: 2.50-2.80; Egyptian: 1.00-1.50. Satsumas—Spania: 95/189s 3.00-3.80. Clementines—Moroccan: 2/7s 3.40-4.20; Cyprus: 126/162 3.40-4.00; Corsican: 2.50-3.00. Lemons—Italian: 100/150s 5.50; Cyprus: 11-kg 84/120 3.60-5.20; 5-kg 45/55 2.20-2.50; Greek: 80/120s 5.75-6.00. Grapefruit—Cyprus: 2.80-3.40; 20-kg 4.00-4.50; Jaffa: Large boxes 40/64 4.25-4.80; Florida: Pink flesh 36/48s 5.80-6.00. Sours/Bitters—Spanish: 4.30-4.50. Apples—French: Golden Delicious, boxes 40-lb 138/175 4.80-5.40; 20-lb 2.30-2.70; jumble pack 31-lb 1.86-3.20; Granny Smith 20-lb 2.50-3.20, 40-lb 5.00-6.00, Starkcrimson, approx. 20-lb 72s 2.80; 40-lb 5.60-6.30; Hungarian: Starking 40-lb 138s 5.80; Canadian: Red Delicious 40-lb 9.00-10.00; Italian: Granny Smith 20-lb, per pound 0.12. Peaches—S. African: Trays 23/28s 2.50-3.20. Grapes—Spanish: Almeria 2.80-3.20, Black 4.50; Californian: Red Emperor, per pound 0.55; S. African: Queen of the Vineyard 7.00. Plums—S. African: Santa Rosa per pound 0.50-0.80, Methley 0.40-0.45, Beauty 0.50-0.60. Apricots—S. African: Per pound 0.45-0.65. Bananas—Jamaican: Per 28-lb 4.80. Avocados—Israeli: 4.50-4.80. Melons—Spanish: Green 5.00, 15-kg Green 8/15s 12.00.

English Produce: Potatoes—Per bag 2.40-3.20. Lettuce—Per 12, round 1.30-1.50. Mushrooms—Per pound 0.60-0.70.

Apples—Per pound Bramley 0.09-0.16, Cox's Orange Pippin 0.10-0.16, Russets 0.10-0.12, Spartans 0.11-0.12. Pears—Per pound Conference 0.09-0.14, Comice 0.18-0.20. Swedes—Per 25/28-lb 0.80-0.50. Parsnips—Per 28-lb 2.80-3.00. Turnips—Per 28-lb 1.60-2.00. Cauliflowers—12s Kent 4.00. Celery—18/22s cartons pre-pack 7.00. Rhubarb—Per pound, forced 0.19-0.20. Sprouts—Per pound 0.05-0.06. Cabbages—Per bag 1.50, White cabbage 1.60. Onions—Per bag 3.20-3.50. Carrots—Per bag 1.00-1.40. Beetroots—Per bag 1.40.

AMERICAN MARKETS

NEW YORK, January 8.

THE GRAIN and soya markets were closed again, but the CFTC did authorise trading for Wednesday. Limit declines are expected on the openings. The livestock complex was again under extreme pressure with only leader cattle responding on the upside. Heavy profit-taking in gold and silver resulted in heavy losses to near limit down in gold. Copper declined sharply on trade selling. Local and technical buying more than offset trade selling in coffee, advancing prices to better levels. Short-covering by commission houses, together with manufacturer buying, pushed cocoa prices higher. Profit-taking by commission houses overcame trade buying in cotton resulting in moderate losses, reported Heinold.

Copper—Jan. 100.80 (104.00), Feb. 101.80 (105.20), March 103.10-103.50, May 104.50-104.60, July 104.70-105.10, Sept. 104.50-105.40, Dec. 105.60, Jan. 106.20, March 107.00, May 107.50, July 108.60, Sept. 109.40.

*Platinum—Jan. 712.00 (748.00), Feb. unquoted (unquoted), April 745.00, July 746.50, Oct. 751.50, Jan. 754.00, April unquoted. Sales: 1,690.

Potatoes (round whites)—March 58.9 (59.5), April 66.7 (66.2), May 74.0-74.6, Nov. unquoted. Sales: 670.

¶Silver—Jan. 3190.0-3210.0 (3580.0), Feb. 4225.0 (3271.0), March 3275.0-3290.0, May 3320.0-3330.0, July 3373.5, Sept. 3421.0, Dec. 3490.0, Jan. 3513.0, March 3557.0, May 3601.0, July 3645.0, Sept. 3689.0. Sales: 10,000. Handy and Harman bullion spot 3375.0 (3580.0).

Tin—776.00 asked (776.00-795.00).

CHICAGO, January 8.

Trading was suspended for two days in the following markets: maize, soyabeans, soyabean meal, soyabean oil and wheat.

Lard—Chicago loose 21.50 (22.00). New York prime steam unavailable.

Live Cattle—Jan. 65.45-65.47 (65.77), Feb. 67.97-67.65 (68.97), April 69.97, June 71.57, Aug. 71.67, Oct. 70.20, Dec. 71.30, Jan. unquoted.

Live Hogs—Feb. 40.57-40.80 (41.37), April 38.70-38.80 (39.95), June 42.50-42.45, July 43.40-43.40, Aug. 42.50, Oct. 41.40, Dec. 43.35, Feb. 44.47, April 43.00.

Pork Bellies—Feb. 44.70 (46.70), March 45.20-45.30 (47.17), May 46.75, July 48.15, Aug. 47.65, Feb. —, March —, May —, July —, Aug. —.

Silver—Jan. 3110.0 (3532.5), Feb. 3255.0 (3375.0), March 3455.0, April 3308.5, June 3354.5, Aug. 3395.0, Oct. 3435.5, Dec. 3476.0, Feb. 3518.5, April 3556.9, June 3597.2, Aug. 3637.4, Oct. 3677.5, Dec. 3717.5, Feb. 3757.4, April 3797.2, June 3836.9, Aug. 3876.5.

WINNIPEG, January 8.

§Barley—March 118.50 (119.00), May 114.70-115.00 (117.50), July 112.70, Oct. 108.00.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 242.60 (same).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, January 8.

Wheat—U.S. Two Dark Hard Winter wheat 13.5 per cent Feb. $206, March $210. U.S. Hard Winter Wheat ordinary unquoted. U.S. Two Red Winter wheat Feb. $190, March $192. U.S. Two Northern Spring wheat 14 per cent Jan. $203, Feb. $208, March $210, April/May, May/June $199, June/July $199.

Maize—U.S. No Three Corn Yellow AFL $134, Jan. $130, Feb. $133.50, March $134, April/June $142, July/Sept. $148, Oct./Dec. $150.

Soyabeans—U.S. Two Yellow Gulfports Jan. $260.50, Feb. $267.50 sellers, March $271 sellers, $269 buyer, April $277, May $279, June $283.50, July $285, Aug. $289 sellers, Aug. $287 reported paid, Sept. $293, Oct/Nov. $295, Dec. $301.50 sellers. Brazil Yellow faq unquoted. Argentine unquoted.

Soyameal—44 per cent protein U.S. AFL $254, loaded $248, Feb./March $241.50, April/Sept. $242.50. Brazil Pellets March $244, April/May $243.50, April/Sept. $246.50.

PARIS, January 8.

Cocoa (FFr per 100 kilos). March 1321/25, May 1306/18, July 1310, Sept. 1325, Dec. 1325/55, March 1335/60. Sales at call 1.

Sugar (FFr per 100 kilos). March 1635/40, May 1636/37, July 1640/50, Aug. 1643/50, Oct. 1650/68, Nov. 1645/70, Dec. 1660/90, March 1670/1700. Sales at call 12.

INDICES

FINANCIAL TIMES

Jan. 7	Jan. 4	M'nth ago	Year ago
292.55	294.40	298.77	259.06

(Base: July 1, 1952=100)

MOODY'S

Jan. 7	Jan. 4	M'nth ago	Year ago
1380.8	1385.3	1197.0	983.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 7	Jan. 4	Month ago	Year ago
Spot	413.90	410.18	411.70	388.62
F'tur's	424.37	424.07	418.88	389.57

(Average 1924-25-26=100)

REUTERS

Jan. 8	Jan. 7	M'nth ago	Year ago
1595.8	1595.8	1700.7	1491.4

(Base: September 18, 1931=100)

Steel talks collapse hits equities but index ends only 4.3 down after 10 am fall of 12.5—Gilts remain firm

Account Dealing Dates

Options

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 28	Jan. 10	Jan. 11	Jan. 21
Jan. 14	Jan. 24	Jan. 25	Feb. 4
Jan. 28	Feb. 7	Feb. 8	Feb. 18

* "New time" dealings may take place from 9.30 am two business days earlier.

Bitterly disappointed with the collapse of the steel talks, dealers in leading equities over-estimated the effect the over-night news would have on sentiment. Assuming that stock would come on offer from nervous holders, jobbers marked prices down quite sharply at the outset and the manoeuvre had the desired effect of deterring many would-be sellers.

Stock emanating from the selling which did take place was readily absorbed by revived demand, including some on institutional account, which was partly encouraged by an unexpectedly firm trend soon after the start in Gilt-edged securities. The equity rally gained impetus in a slightly larger volume of business than of late and in trade just before the official close leading shares were changing hands at prices only marginally below Monday's closing levels.

The FT 30-share index was a good guide to the day's events; at the 10 am calculation, it showed a drop of 12.5 which was reduced to 6.8 two hours later and further trimmed to only 2.9 at 3 pm, before a late after-hours softening left a fall of 4.3 at 415.6. Reflecting the expansion in activity, total bargains amounted to 19,784 compared with last week's daily average of 16,789.

British Funds were not troubled by the breakdown of the steel talks. The tone was a little indecisive at first but quotations edged forward awaiting December's banking statistics, and the firmness was maintained following the official view that sterling M3 had increased by only ½ per cent during the month.

Although trading conditions remained thin, longer-dated maturities eventually made gains extending to ¼ while the shorts improved a maximum of ⅜ with the accent on low-coupon issues. Stocks in the area of the proposed new tap, Exchequer 14 per cent 1994, were neglected.

South African Gold shares moved lower with the bullion price as the recent flare-up in tois and other metal markets subsided. Business in gold shares often comprised profit-taking, bringing losses to a point among heavier-priced stocks and a fall of 7.2 to 279.2 in the FT Gold Mines index.

An improved demand for Traded options resulted in 717 contracts being arranged compared with the previous day's 293. Once again, Cons. Gold Fields attracted most business with 206 trades, while other issues to the fore included Imperial, 140, and Grand Met., 83.

Lloyds brokers active

Having risen 19 late on Monday following Marsh and McLennan's indication that it is prepared to bid for the ordinary and convertible loan stock in a cash and share deal valuing the ordinary at 169p per share, Bowring encountered profit-taking pending the Board's decision and, after touching 135p, closed a net 4 down on balance at 138p. Other brokers were popular on hopes that the development would push Lloyd's of London into relaxing its ruling on foreign ownership of Lloyd's Brokers. Stenhouse, in which Continental Corporation of the U.S. acquired a 20 per cent stake last August, were speculatively supported and closed 4 up at 72p, while Minet, 20 per cent owned by U.S. concern Corroon and Black, rose 3 to 101p. C. E. Heath put on 7 to 200p, after 203p, while Alexander Howden, 102p, Stewart Wrightson, 175p, and Willis Faber, 215p, all appreciated 5. Hogg Robinson, on the other hand, softened a penny to 85p awaiting today's interim results.

The major clearing banks closed easier for choice following the latest lending figures. Barclays ended 5 off at 413p as did Lloyds, at 295p. Elsewhere, Grindlays reflected bid hopes with a fresh improvement of 3 at 130p.

Down to 196p at the outset, Distillers recovered to 198p, following news of spirit price rises before settling a net penny off at 197p. Still awaiting the defence of Hiram Walker's 130p per share cash offer, Highland shed a couple of pence to 138p. Other Distilleries tended to remain at the overnight levels. Demand for leading Breweries was again subdued with falls of a penny commonplace, although Bass held at 192p in front of next week's sizeable beer price increase.

Marked sharply lower at the outset, most Building descriptions regained their composure in the absence of sellers and sometimes closed better on balance. BPB finished 2 firmer at 157p, after 152p, while Blue Circle recovered an initial fall of 6 to close unchanged at 252p. Elsewhere, Sharpe and Fisher encountered sellers and shed 2 to 35p, while Gough Cooper eased a penny to 68p; the latter's annual results are due next week.

On offer at the opening at 356p, ICI picked up on the appearance of cheap buyers and touched 362p before a fresh selling left the close 6 cheaper on balance at 357p. In marked contrast, persistent demand in a limited market lifted Fisons 14 to 277p. Among other Chemicals, Laporte firmed 3 to 97p, but Carless Capel eased 2 to 77p. Norsk Hydro, at £63¼, gave back half of the previous day's gain of 2½.

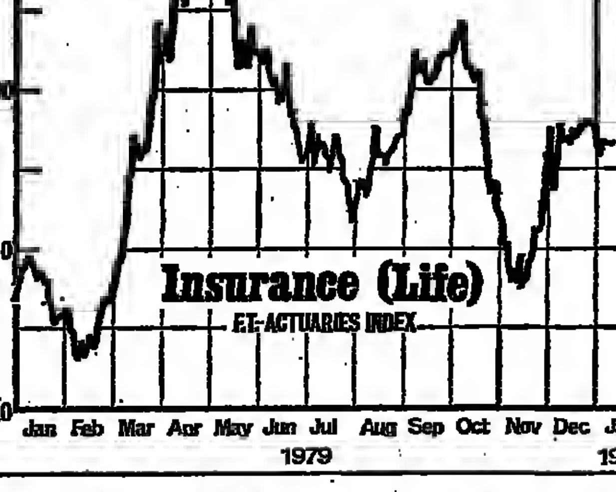
Ernest Jones up

With the exception of Marks and Spencer, which softened a penny to 81p, leading Stores closed firmer for choice. Still reflecting an investment recommendation, Gussies "A" put on 6 more to 352p. Debenhams hardened a penny to 66p and House of Fraser edged forward 2 to 108p on a Press suggestion that the two might merge. Down 4 the previous day on adverse comment, Burton "A" retrieved 2 to 218p, after 220p; on reassuring comment that the menswear side has more than compensated for an unsuccessful year for women's wear. Elsewhere, Ernest Jones put on 6 more to 172p, following Press comment. E. Upton "A" rose 4 to 39p and Moss Bros. put on 5 to 255p. In Shoes, Stead and Simpson "A" hardened a penny to 42p following the higher first-half earnings but Stylo lost 5 to 160p.

Electricals followed the general trend, rallying after an initial mark down. GEC finished only a penny easier at 336p, after 329p, while Racal closed that amount up at 199p after reacting to 191p. Awaiting Friday's interim results, Thorn gave up 4 to 278p. Losses in secondary issues were usually limited to a few pence, but Automated Security were noteworthy for a fall of 5 at 200p. Against the trend, Decca issues showed renewed firmness following a report in the Financial Times that an agreement on the sale of its music division to Polygram is expected this week, the ordinary rising 10 to 335p and the "A" 7 to 300p.

Marked down sharply at the start on the failure of the steel strike negotiations, the majority of the Engineering leaders picked up to close well above the worst. GKN ended 5 cheaper at 240p, after 235p, while John Brown finished only a penny lower at 54p, after 50p. Hawker, 182p, and Tubes, 252p, closed 4 and 6 lower respectively, but Vickers ended without alteration at 111½p after being down to 105p in the early dealings. Secondary issues tended to follow a similar trend. CompAir, a recent speculative favourite, reacted to 71p before settling at 74p for a rise of a penny on balance. Still reflecting news that Racal has increased its stake to 17.05 per cent, Adwest hardened 2 further to 194p.

Foods closed easier for choice, but selling was limited. Linfood met rather more persistent offerings and dipped 4 to 146p, while Bernard Matthews declined 8 to 247p, the latter in a thin market. Queens Moat Houses became prominent in Hotels and Caterers, adding 2 to 35½p, after 36p, on speculative buying.



Centreway pleases

Marked down sharply at the outset following the breakdown in the steel talks, miscellaneous industrial leaders rallied on the appearance of a few cheap buyers with later sentiment also helped by the favourable banking statistics. Flaxo finished unaltered at 440p, after 436p, and Boots ended a penny better at 163p, after 159p. BOC softened a penny to 58p, after 57p, and Metal Box also closed a penny lower at 237p after having initially been lowered to 230p. Elsewhere, Centreway stood out with a rise of 10 to 165p in response to the increased interim profits and proposed one-for-three scrip-issue in preference shares. Esperanza Trade and Transport edged forward a penny to 102p following trading news, while Office and Electronic rose 8 to 242p on revived speculative support. Kennedy Smale continued firmly at 64p, up 5, while improvements of 4 and 6 respectively were seen in Toye, 63p, and Sothebys, 403p. Recently firm on consideration of the unprecedented rises in precious metal prices, Johnson Matthey met profit-taking and eased 3 to 227p. Peter Black gave up 4 to 103p following the mid-term results.

Motor Components displayed an irregular appearance. Dowty added a couple of pence to 156p, but Lucas slipped 3 to 229p and Dunlop lost the turn to 55p. Associated Engineering, at 72p, lost the previous day's Press-inspired gain of 2. Elsewhere Appleyard remained unsettled by forecasts of a poor year for BL dealers, and closed 2 lower for a two-day fall of 6 at 56p. Henlys shed a penny to 89p, but Manor National hardened a fraction to 21p. Lex Service provided an isolated firm spot, rising 1½ to 85p. ERF, 84p, and Fodens, 33p, both eased 2, while Plaxtons (Scarborough) gave up 3 to 154p.

Among quiet Newspapers, Associated, 3 up at 263p, and Daily Mail A, 5 better at 448p, continued to attract support ahead of Friday's interim results. Marshall Cavendish added a penny to 20p in belated response to favourable Press comment. Elsewhere, Transparent Paper encountered profit-taking and closed 2 lower at 43p, while John Waddington declined 3 to 117p in front of tomorrow's half-timer.

Properties failed to escape the early mark-down, but rallied on the appearance of a few cheap buyers. Land Securities finished a couple of pence lower at 250p, after 246p, while MEPC closed only a penny cheaper on balance at 162p, after 160p. Slock Conversion eased 4 to 358p; the half-yearly results are due next Wednesday. A squeeze on bear positions prompted a gain of 2 to 100p in County and District.

Oils quiet

Oils passed a fairly quiet trading session. Aran Energy continued to benefit from news of the company's decision to exercise its rights to increase its interest in blocks 26/22 and 26/28 in the Irish Sea and, after easing to 254p, recovered strongly to close 12 up on the day at 272p. Among other secondary issues, Viking eased 10 to 595p, but Gas and Oil Acreage hardened 5 to 275p. Still reflecting fading bid hopes, Silkolene reacted 6 more to 126p for a two-day fall of 22. In the leaders, British Petroleum drifted down to 324p before recovering to finish 4 off on balance at 328p, but Shell ended a few pence dearer at 318p.

Among Trusts, Carlinl. 23 higher at 140p, and Tyneside, 21 up at 135p, encountered fresh support following a Press suggestion that Rothschild Investment Trust will shortly make a bid for both companies. Following the agreed bid from Globe Investments, dealings resumed in West of England Trust at 84 compared with the suspension price of 76p.

Still reflecting the U.S. halt to sales of grain to Russia, Shipping shares again eased. Common Bros., however, met demand and put on 10 to 305p along with J. Fisher, also 10 to the good, at 247p.

In Textiles, scattered support developed for Nova (Jersey), 4 up at 32p, and for Homfray, 5 better at 22p. Lister added 2 to 50p, but Nottingham Manufacturing, 71p, and Sirdar, 112p, both shed a few pence.

South African industrials turned easier after recent firmness in sympathy with the strength of gold bullion. Barlow Rand reacted 10 to 335p, while Abercom gave up 7 to 123p, and Unisec closed 3 off at 75p.

Occasional support in Plantations was seen for Castlefield, 315p, and Barlow Holdings, 79p, up 5 and 4 respectively.

Golds lower

A much quieter day in South African Golds followed the fall of $13 in the bullion price to $617 an ounce.

Share prices were marked down at the outset but tended to edge off the lowest reflecting cheap buying and the absence of any significant selling. The Gold Mines index gave up 7.2 to 279.2.

A good two-way trade was reported in the London Financials. Gold Fields initially fell to 416p but staged a strong recovery to end only a penny easier on balance at 424p. Selection Trust gave up 10 to 586p, while losses of 4 were sustained by Charter and Rio Tinto-Zinc at 142p and 342p respectively.

South African Financials were featured by De Beers which came under sustained London selling pressure and closed 27 down at 456p; the Central Selling Organisation's 1979 sales figure is imminent.

Anglo American Corporation gave up 40 to 625p, UC Investments 30 to 365p and Union Corporation 20 to 555p.

Profit-taking and the downturn in copper prices on the London Metal Exchange affected ZCI which gave up 3 to 46p.

Platinums moved erratically, with the final trend steady to a fraction easier. Rustenburg closed 4 off at 252p.

Australians generally fell on profit-taking and the weaker trend in precious and base-metals. Gold Mines of Kalgoorlie dropped 13 to 187p, Bougainville 5 to 143p, MIM Holdings 7 to 222p, and Poseidon 6 to 119p.

The Ashton participants rallied after recent weakness and ahead of the January progress report. Ashton Mining recovered 7 to 149p and Conzinc Riotinto edged up 2 to 248p.

FINANCIAL TIMES STOCK INDICES

—	Jan. 8	Jan. 7	Jan. 4	Jan. 3	Jan. 2	Dec. 31	A year ago
Government Secs.	65.30	65.07	65.09	64.50	64.61	65.10	[illegible]
Fixed Interest	66.29	66.36	65.94	65.43	65.41	65.95	[illegible]
Industrial	415.6	419.9	413.0	405.9	407.0	414.2	[illegible]
Gold Mines	279.2	286.4	280.2	303.1	288.5	268.6	[illegible]
Ord. Div. Yield	7.83	7.75	7.85	7.97	7.96	7.86	6.00
Earnings, Yld. % (full)	18.46	19.39	19.54	19.83	19.81	19.51	15.76
P/E Ratio (net) (*)	6.32	6.36	6.30	6.21	6.22	6.31	[illegible]
Total bargains	10,784	20,425	20,676	19,955	14,059	12,564	—
Equity turnover £m	—	71.20	82.05	98.17	85.690	40.87	[illegible]
Equity bargains total	—	14,116	13,679	14,787	10,584	8,108	[illegible]

10 am 407.4. 11 am 410.2. Noon 413.1. 1 pm 414.2. 2 pm 414.8. 3 pm 417.0.

Latest Index 01-246 8026.

*Nil=6.10.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.01 (4/5)	63.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	303.1 (3/1/80)	129.3 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 8	Jan. 7
—Daily		
Gilt Edged	134.8	137.9
Industrials	107.8	112.5
Speculative	85.5	141.6
Totals	80.2	88.3
5-d'y Av'r'ge		
Gilt Edged	125.4	117.6
Industrials	86.0	86.4
Speculative	125.4	116.5
Totals	75.9	69.6

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (12)

AMERICANS (1)
Asarco Inc.

INDUSTRIALS (3)
De La Rue
Office and Electronic
Kennedy Smale

SHIPPING (2)
Common Brothers
Fisher (J.)

SOUTH AFRICANS (1)
Greatermans A

TRUSTS (1)
Carliol

OILS & GAS (1)
Aran Energy

MINES (3)
Loraine
Swan Resources
Eagle Corp.

NEW LOWS (45)

AMERICANS (1)
Colgate-Palmolive

BEERS (1)
Young Brew. A

BUILDINGS (7)
Camben Group
Heywood Williams
Costain Gp. Defd.
Ibstock Johnsen
Douglas (Robt. M.)
Modern Engineers
French Kier

CHEMICALS (1)
Ciba Geigy 8pc Cnv. 1921-94

ELECTRICALS (1)
Jones Stroud

ENGINEERING (7)
Brasway
Laird Group
Clifford (Chas.)
Priest (Ben)
Desoutter
Woodhouse & Rixson
Hill & Smith

INDUSTRIALS (12)
Airfix Industries
Jentique
Christie-Tyler
Monument
Davies & Newman
Myson Group
Dyson (J. & J.)
Prestige Group
Do. A
Pritchard Services
Fogarty Defd.
Walker & Homer

LEISURE (1)
Boosey & Hawkes

MOTORS (6)
Lotus Car
Braid Group
Dana Corp.
Doranda
Appleyard
Henlys

NEWSPAPERS (1)
Websters Publications

PAPER (1)
Waddington (J.)

SHIPPING (1)
Mersey Dock Units

SHOES (1)
Footwear Invs.

TEXTILES (1)
Spencer (Geo.)

TRUSTS (3)
Altifund Cap.
Pearson (S.)
Fundinvest Cap.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	78	—	10
Corpns. Dom. and Foreign Bonds	16	3	47
Industrials	170	331	902
Financial and Prop.	59	151	288
Oils	7	21	14
Plantations	8	1	19
Mines	15	86	46
Others	44	44	74
Totals	397	637	1,400

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues. Jan. 8, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Jan. 7 Index No.	Fri., Jan. 4 Index No.	Thurs., Jan. 3 Index No.	Wed., Jan. 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	212.71	−0.5	20.24	7.24	6.25	213.82	211.62	208.87	210.08	237.07
2	Building Materials (27)	196.62	−0.1	19.99	7.62	6.42	196.82	194.79	194.00	195.99	209.39
3	Contracting, Construction (29)	316.73	−0.2	29.16	7.57	4.24	317.41	314.57	313.08	317.97	364.27
4	Electricals (15)	553.64	−0.3	14.56	4.49	9.16	555.37	551.25	539.86	539.56	555.53
5	Engineering Contractors (11)	275.31	−1.5	28.17	9.30	4.54	279.56	277.46	278.64	285.25	364.29
6	Mechanical Engineering (74)	149.29	−0.8	22.26	8.61	5.59	150.45	148.61	146.46	147.71	184.74
8	Metals and Metal Forming (16)	145.54	−1.1	22.87	10.43	5.27	147.22	144.93	142.90	141.95	164.38
11	CONSUMER GOODS (DURABLE) (50)	191.96	−0.4	18.71	6.33	6.58	192.73	189.68	184.82	186.58	211.69
12	Lt. Electronics, Radio, TV (15)	260.65	−0.1	14.91	4.92	8.56	260.99	255.67	247.36	249.72	268.31
13	Household Goods (14)	112.70	—	26.86	9.61	4.51	112.72	112.06	111.74	114.00	166.72
14	Motors and Distributors (21)	103.18	−1.1	26.01	8.96	4.54	104.36	103.61	102.10	102.80	122.16
21	CONSUMER GOODS (NON-DURABLE) (173)	204.87	−0.2	19.54	7.34	6.33	205.39	202.84	200.15	201.70	211.81
22	Breweries (14)	252.59	−0.6	17.32	6.92	6.78	254.12	251.88	248.93	250.53	234.16
23	Wines and Spirits (5)	294.50	−0.5	18.43	6.29	6.70	296.09	292.80	291.65	290.31	290.16
24	Entertainment, Catering (17)	276.99	−0.8	19.07	7.13	6.80	279.11	272.58	268.87	269.49	275.99
25	Food Manufacturing (19)	190.25	−0.3	21.30	7.65	5.81	190.87	189.79	187.29	188.85	202.30
26	Food Retailing (15)	291.10	−1.0	14.15	4.87	8.45	294.18	290.59	286.28	289.88	234.22
32	Newspapers, Publishing (13)	388.63	+0.4	23.50	7.42	5.89	387.23	384.58	378.52	381.40	382.59
33	Packaging and Paper (15)	113.24	−0.8	26.22	10.02	4.91	114.12	112.95	111.38	111.96	135.83
34	Stores (43)	194.49	+0.3	15.83	5.83	8.16	193.91	191.09	188.71	189.65	196.43
35	Textiles (23)	124.91	−0.6	29.12	12.94	4.36	125.69	124.85	123.65	124.31	182.09
36	Tobaccos (3)	201.87	+0.5	28.24	11.04	4.00	200.86	197.40	192.86	197.98	238.38
37	Toys and Games (6)	45.43	−2.7	36.03	15.76	3.50	46.71	45.77	45.58	47.17	93.10
41	OTHER GROUPS (98)	186.82	−0.7	16.74	7.19	7.27	188.18	185.89	184.19	185.81	199.27
42	Chemicals (18)	279.21	−1.1	17.44	7.14	6.62	282.30	279.39	276.80	276.84	278.51
43	Pharmaceutical Products (7)	194.53	−1.0	13.09	6.57	9.32	196.46	192.92	191.78	192.35	249.08
44	Office Equipment (6)	103.19	−0.8	19.34	8.17	6.45	104.07	103.24	102.45	103.52	140.42
45	Shipping (10)	414.21	−0.5	12.78	7.80	9.99	416.48	423.84	418.69	423.08	420.21
46	Miscellaneous (57)	217.32	−0.2	18.08	7.25	7.01	217.86	214.07	211.86	216.02	215.44
49	INDUSTRIAL GROUP (493)	208.05	−0.4	18.98	7.21	6.53	208.97	206.46	203.76	205.38	221.87
51	Oils (7)	668.86	−0.3	16.84	7.15	6.42	670.56	684.42	676.39	689.27	518.97
59	500 SHARE INDEX	244.57	−0.4	18.54	7.20	6.51	245.56	244.25	241.13	243.53	245.93
61	FINANCIAL GROUP (117)	179.23	−0.3	—	6.16	—	179.69	177.95	175.85	178.86	173.71
62	Banks (6)	214.02	−1.2	38.86	6.07	3.28	216.53	215.25	211.99	214.33	205.91
63	Discount Houses (10)	213.01	—	—	9.31	—	213.01	213.01	212.39	219.30	218.26
64	Hire Purchase (5)	164.25	−0.6	21.56	5.79	5.87	165.22	163.32	160.72	163.24	165.38
65	Insurance (Life) (10)	152.94	−0.3	—	6.88	—	153.36	153.45	151.80	155.31	139.21
66	Insurance (Composite) (8)	120.09	+0.6	—	8.11	—	119.33	118.59	117.05	119.23	124.84
67	Insurance Brokers (10)	276.20	+1.7	18.05	7.87	7.92	271.64	258.22	256.48	263.00	313.64
68	Merchant Banks (14)	88.25	+0.8	—	6.74	—	87.51	87.62	87.47	88.83	80.71
69	Property (44)	309.57	−0.7	4.26	3.47	33.66	311.79	307.21	304.20	310.60	278.04
70	Miscellaneous (10)	121.45	−0.1	15.65	7.46	8.31	121.54	121.20	119.62	120.11	114.29
71	Investment Trusts (109)	191.64	−0.5	—	6.40	—	192.53	190.63	188.97	191.88	207.93
81	Mining Finance (4)	171.77	−1.0	13.42	5.15	9.85	173.55	170.21	174.39	168.69	183.62
91	Overseas Traders (20)	330.99	−0.6	15.16	7.57	7.96	333.11	332.51	330.03	332.64	312.00
99	ALL-SHARE INDEX (750)	228.22	−0.4	—	6.92	—	229.15	227.61	225.06	227.36	226.10

FIXED INTEREST PRICE INDICES

	British Government	Tues. Jan. 8	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	100.70	+0.18	—	0.00
2	5-15 years	103.72	+0.33	—	0.00
3	Over 15 years	107.37	+0.35	—	0.00
4	Irredeemables	120.79	+0.67	—	0.00
5	All stocks	103.63	+0.29	—	0.00

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Tues. Jan. 8	Mon., Jan. 7	Year ago (approx.)
1	Low Coupons	5 years	12.47	12.51	9.68
2		15 years	12.53	12.57	11.41
3		25 years	12.67	12.74	12.23
4	Medium Coupons	5 years	14.63	14.70	12.76
5		15 years	14.32	14.36	12.81
6		25 years	14.23	14.28	12.81
7	High Coupons	5 years	15.01	15.06	12.84
8		15 years	14.85	14.89	13.36
9		25 years	14.55	14.60	13.34
10	Irredeemables		12.16	12.24	12.82

		Tues., Jan. 8 Index No.	Tues., Jan. 8 Yield %	Mon. Jan. 7	Friday Jan. 4	Thurs. Jan. 3	Wed. Jan. 2	Mon. Dec. 31	Friday Dec. 28	Thurs. Dec. 27	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	49.13	†15.03	49.12	49.28	49.24	49.33	40.36	49.56	49.36	54.80
16	Investment Trust Prefs. (15)	46.46	14.47	46.45	46.34	46.34	46.34	46.34	46.21	46.21	51.53
17	Coml. and Indl. Prefs. (20)	81.24	14.63	61.24	61.32	61.36	61.31	61.33	61.19	61.19	72.52

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
De Beers Defd.	R0.05	12	456	−27	500	332
GEC	25p	10	336	− 1	456	311
Bowring (C. T.)	25p	9	138	− 4	148	98
Cons. Gold Fields	25p	9	424	− 1	429	178
BOC International	25p	7	58	− 1	81¼	53
Beecham	25p	7	117	− 2	189	114
BP 'New'	25p	7	130	+ 2	182	128
ICI	£1	7	357	− 6	415	314
P. & O. Defd.	£1	7	113	—	119	71
Thorn Electrical	25p	7	278	− 4	482	262
Marks & Spencer	25p	8	81	− 1	134	76
Turner & Newall	£1	6	122	− 3	176	108
BAT Inds.	25p	5	243	+ 3	362	230
Grd. Metropolitan	50p	5	131	− 1	178½	110½
Shell Transport	25p	5	318	+ 4	402	278

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 7	Jan. 18	Apr. 10	Apr. 21
Jan. 21	Feb. 1	Apr. 24	May 6
Feb. 4	Feb. 15	May 8	May 19

For rate indications see end of Share Information Service

Money was given for the call in Capper-Neill, Hestair, Status Discount, C. T. Bowring, St. Helena, Common Bros., Lonrho, Ladbroke, CompAir, Brook St. Bureau, Elsburg, Leyland Paint, BP "New," Premier Oil, Birmid Qualcast, Thorn, J. E. Sanger, FNFC 9½ per cent loan, Candecca and Dundonian. Puts were done in New Throgmorton Warrants, Loraine, Free State Saiplaas and Ventersport, while double options were completed in Racal and Town and City.

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	300	34	12	46	—	—	—	330p
BP	325	13	4	28	10	—	—	"
BP	360	—	—	—	—	24	6	"
Cons. Gold	280	146	1	156	—	165	—	425p
Cons. Gold	330	96	—	110	6	125	1	"
Cons. Gold	360	66	8	84	—	100	—	"
Cons. Gold	390	36	5	62	17	78	—	"
Cons. Gold	420	16	142	41	14	58	13	"
GEC	300	38	8	53	—	67	—	337p
GEC	390	½	—	8	5	20	3	"
Grand Met.	125	6½	40	—	—	—	—	131p
Grand Met.	130	—	—	12	4	17	—	"
Grand Met.	140	—	—	7	13	19	10	"
Grand Met.	160	—	—	9½	—	6	10	"
ICI	360	8	63	20	—	35	6	360p
Land Secs.	260	5	26	17	9	93	—	249p
Marks & Sp.	70	14	7	17	6	19	—	82p
Marks & Sp.	80	4	20	9	3	11½	9	"
Shell	330	—	—	19	1	28	1	319p
Totals			892		96		61	
		February		May		August		
Boots	160	10	18	90	—	26	—	164p
Boots	180	2	20	10	—	—	—	"
Imperial Gp.	90	¾	95	1½	45	—	—	74p
Racal Elec.	160	28	—	38	—	44	6	201p
Racal Elec.	200	13	1	96	—	33	—	"
Racal Elec.	220	5½	38	18	—	93	—	"
RTZ	300	50	4	71	—	81	—	348p
RTZ	330	96	17	48	1	61	—	"
Totals			190		46		6	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
‡70	F.P.	—	82	84	††Bio-kil Chem. 10p	86	......	‡4.9	1.8	8.1	13.7
365	150	90/2	182	128	B.P. 'New'	130	+2	§15.75	6.8	5.7	5.2
§30	F.P.	11/1	111	101	Conder Intl.	102	......	b7.0	9.9	9.8	3.0
¶	F.P.	25/1	197	112	Haynes P'blish'g 20p	122	+2	bd6.0	2.1	7.0	8.2
‡41	F.P.	—	47	41	Lontrim	42	......	b3.36	1.5	11.4	10.1
R8	F.P.	—	178	112	†SASOL R1	163	−2	T16c	2.2	8.6	8.1
£10	F.P.	—	£10⅛	£10	Sel Mkt TstPrtRedPrf	£10⅛	—	—	—	—	—
¶	F.P.	11/1	74	66	Spring Grove 10p	69	−1	b4.0	1.8	8.3	9.6
‖‖	F.P.	—	237	231½	WereldhaveNVDFl. 20	226	......	QFl.8	1.1	5.1	17.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or −
¶	F.P.	19/19	94	90½	Amber Day 10½% Cum. Red. Pref. '99-02	91	—
‡	£10	28/2	10¾	10½	B'nem'th & District W'ter Red.Pref.1985	10¾	—
¶	F.P.	31/1	99	92½	Bristol Waterworks 8% Red. Pref. 1984	93¼	—
—	F.P.	22/1	93	90	Dundonian 11¼% Cum. Conv. Pref.	98	—
**	F.P.	8/2	86p	85p	Hewitt (J.) 10pc Cum Pref.	85p	—
$100	F.P.	—	$99	$98	Hill Samuel Floating Rate Notes 1922	$97	—
¶	F.P.	25/1	21½	21½	Mid-Sussex Water 7% Red. Pref. 1985New	91½	—
¶¶	F.P.	13/2	88¼p	78p	Thorn Elec. 7%Con.Red.2ndComPrf92-99	82p	+1

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −
19½	Nil	24/1	91/2	5½pm	3pm	Associated British Engineering	5pm	−½
520	F.P.	—	—	39	29	Dundonian	39	+2
40	Nil	22/1	29/2	37½pm	29pm	Elson & Robbins	29pm	−1
660	F.P.	3/1	24/1	730	660	Hammerson Prop. & Inv. Trust	730	......
60	F.P.	3/1	24/1	725	660	Do. A	726	......
A61	Nil	—	—	45pm	20pm	Hanimex Corp.	29pm	−7
12½	Nil	7/1	28/1	21½	17¼	Laganvale Estates	17½	......
57	F.P.	28/11	11/1	65	56	Newman Tonks	59	......
60cts	Nil	—	—	285pm	190pm	Pancontinental	280pm	−5
200	F.P.	3/12	1/2	208	200	Pilkington Bros	202	......
34	Nil	11/1	15/2	14½pm	10pm	Wearwell	13½pm	−½

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas |55.4 58.3| —| 2.26
Next dealing January 10.
Lloyds Trust Gilt |£9.05 9.06| —| 13.50
Next dealing Jan. 9.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth |SF403.50 432.00| —| 1.00
Lloyds Int. Income |SF271.00 281.50| —| 6.40

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
[illegible]

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. |US$9.61 9.82| —| —
Prices on Dec. 31. Next dealing Jan. 9.

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441
R.T. Int'l. Fd. |US$10.36 11.05|+0.07| 2.33
R.T. Int'l. (Jsy.) Fd. |78.0 83.0| —| 3.73
Prices Jan. 8. Next dealing Jan. 15.

Save & Prosper International
Dealing to:
P.O. Box 73, St. Helier, Jersey 0534 73933
[illegible]

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund |89.0 91.0| —| 13.2
TSB Gilt Fd. (Jsy.) |89.0 91.0| —| 13.2
Prices on January 9. Next sub. day January 16.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd.

Cosmopolitan Fund Managers

Crescent Unit Tst. Mgrs. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd.

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Trust

M & G Group

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd.

J. Henry Schroder Wagg & Co. Ltd.

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Sebag Unit Tst. Managers Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs.

Tyndall Managers Ltd.

TSB Unit Trusts

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

NOTES

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Ins. Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

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Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

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Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Solar Life Assurance Limited

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive Mgmt. Agents

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

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The English Association

Eurobond Holdings N.V.

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Fidelity Mgmt. Research (Jersey) Ltd.

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Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd.

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Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

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Continued on previous page

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"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

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[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

High	Low	Stock	Price £	+ or −	Int.	Red.
103¾	96	FFI 13pc 1981	97½	—	13.33	15.64
108¾	94	Do. 14pc '83	95¼	+⅛	14.69	15.63
86½	77½	ICFC 5½pc Deb. '80-82	81	+¼	6.94	15.12
85	69	Do. 6¾pc Db. '81-84	71½	—	8.87	14.80
99	79½	Do. 10½pc Uns.Ln. '86	80½xd	+1	12.88	15.30
99	79	Do. 11pc Uns.Ln. '88	80½xd	+½	13.66	14.80
101½	80	Do. 11½pc Uns.Ln. '90	82xd	−½	14.32	15.30
72½	54½	Do. 7¼pc A Deb. '89-92	56½	+½	13.09	15.20
69	53	Do. 7¼pc A Db. '91-94	56½	+½	13.43	15.10
67½	64	Do. 9pc 'A' '91-94	67	—	14.03	15.20
78½	61½	Do. 8⅞pc Ln. '92-97	65	+½	14.56	15.20
102	85	Do. 12pc Uns. Ln. 1992	88½	—	14.57	—

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
224	121	Com'l Aus. (SA1)	133	+2	Q18c	3.0	6.9	4.8
*£17	903	Com'zbk DM 10	910xr	—	Q26.69%	—	7.6	—
£18½	900	C'hgn. Hbk. Kr100	975	—	Q12%	—	11.4	—
41	20	Corinthian 10p	32	+1	†1.05	5.9	4.7	3.7
£24¾	£15	Cred. France F75	£18	—	Q9.87%	—	3.6	—
11	5	Dawes (G. R.)	9	—	—	—	—	—
*£119½	£62½	Deutsche Bank DM50	£66¼	—	Q28.12%	—	5.5	—
90	55	F. C. Finance	60	+2	2.2	4.9	5.2	5.5
10¼	5¾	First Nat. 10p	9½	−½	—	—	—	0.7
4	1½	Do. Wrrts. 75-83	2¾	—	—	—	—	—
266	178	Gerrard Natnl.	204	—	†9.12	—	6.4	—
74	38	Gibbs (A.)	72	—	2.2	—	4.4	—
270	185	Gillett Bros. £1	190	—	†16.95	—	12.7	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

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AUSTRALIAN

TINS

COPPER

142	56	Messina R0.50	136	-2	Q10c	♦	4.2

MISCELLANEOUS

81	54	Barymin	58	-2	—	—	—
14½	10	Burma Mines 17½p	12	—	—	—	—
380	170	Cons. Murch. 10c.	365xd	-5	Q100c	♦	15.7
470	280	Northgate C$1	450	+10	—	—	—
362	226	R.T.Z.	342	-4	†11.5	3.4	4.8
31	12	Robert Mines	22	+3	—	—	—
65	26	Sabina Inds. C$1.	39	+2	—	—	—
880	470	Tara Exptn. $1	540	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	
Bertam	16	
Bdg'wtr. Est. 50p	345	

IRISH

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday January 9 1980

SANCTIONS STEPPED UP OVER AFGHANISTAN

U.S. offers weapons to Pakistan

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT JIMMY CARTER said yesterday that he bad told President Zia of Pakistan that the U.S. wished to help to assure Pakistan's security in the light of Soviet military inlervention in Afghanistan.

"This is not a threat to India." Mr. Carter told a television interviewer, in an attempt to assuage the feelings of the new Indian Government of Mrs. Indira Gandhi.

The President gave no details of what the aid might consist of, or of which countries apart from the U.S. might provide it. But the assistance package for Pakistan drafted in Washington is likely to consist of increased economic aid by Western industrialised countries, more fond aid from the U.S. and arms shipments, including aircraft.

The U.S. stopped selling arms to Pakistan last April in reaction to Islamabad's apparent attempt to build nuclear weapons.

In a further extension of sanctions against Moscow, the U.S. Administration yesterday restricted Aeroflot flights to the U.S. and requested 17 Soviet diplomats and their families to leave New York.

Tony Walker adds from Peking: The U.S. is providing China with access to a satellite system that may have a military use. That was announced yesterdy by an official accompanying Mr. Harold Brown, U.S. Defence Secretary, on his visit here.

Mr. Thomas Ross, Assistant Secretary of Defence, said that the U.S. would provide China with a ground receiving station capable of receiving information from the Landsat D satellite.

Mr. Ross said the American decision to provide the Landsat facility had been conveyed to Geng Biao, a Chinese vice-premier.

The Landsat system was designed for non-military applications, including scientific research and oil and gas exploration, but is highly sophisticated and can be used to gather military intelligence.

The Chinese had previously requested access to the satellite system. Discussions bad been in progress since last January.

Meanwhile, Deng Xiaoping, China's senior vice-premier and Chief of the General Staff of the Chinese Army, has urged the world to enter an alliance to counter Soviet expansion.

Speaking at a meeting with the U.S. Defence Secretary, Mr. Deng said that the Soviet Union was the main threat to world peace.

China and the U.S. he said, should co-ordinate their policies in the face of that threat and both countries "should do something in a down-to-earth way so as to defend world peace against Soviet hegemonism."

Vice-Premier Deng urged the U.S. to "strengthen its unity with Western Europe."

Richard Hanson adds from Tokyo: The Japanese Government asked the Diet (Parliament) to postpone a regular Japan-Soviet parlimentary consultation scheduled this month because of the Soviet intervention in Afghanistan. The two sides have been meeting from time to time since 1964.

The cabinet is reviewing what measures it might take to protest against the Soviet action, but the strongest seps, involving rade sanctions and economic aid, are apparently not under serious consideraion. Private businessmen have voiced opposition to disruption of Japanese co-operation in big Soviet resource-developemnt projects.

There was speculation that the Government would also consider increasing aid to Pakistan and freezing aid to Afganistan. The Foreign Ministry said no decision on either bad been made.

Japan is expected to consult European nations on such matters as the extension of credits to the Soviet Union, in the light of the invasion, Japan would also most likely be willing to go along with joint steps to limit high-technology exports to the Soviet Union as a retaliatory step, but will not act on its own.

Richard Evans adds: The Labour Party officially condemned the Russian military intervention yesterday when its international committee unanimously carried a resolution calling on the Soviet Union to *withdraw its troops forthwith.*

The motion, sponsored by Mr. Eric Heffer, Left-wing MP for Liverpool, Walton, is expected to be ratified by the National Executive Committee on January 23.

The executive committee also intends to send a deputation to present a copy of the resolution to Mr. Nikolai Lunkov, the Soviet Ambassador.

The international committee also accepted unanimously a further resolution demanding a reduction in the arms race after recent events in Afghanistan.

The U.S. Commodities Futures Trading Commission confirmed yesterday that it would permit trading to reopen on the U.S. grain and nitseed futures market. The markets were closed for two days after President Carter's decision to cut grain sales to the Soviet Union. Page 23

Schmidt flies to Paris Page 2

Smith's China deal Page 4

Atkins averts Ulster talks crisis

BY STEWART DALBY IN BELFAST

THE CONSTITUTIONAL conference on Northern Ireland seemed last night to have survived its first crisis and gone into a third day because of an expedient by Mr. Humphrey Atkins, Secretary of State, the chairman of the meeting, that no precise formulation of an agenda should be discussed.

It had seemed on Monday that the conference could be stillborn after Mr. John Hume, leader of the Social Democratic and Labour Party, the main Roman Catholic group represented, had insisted that the conference discuss Irish unity.

That was outside the original terms of reference set out in Mr. Atkins's discussion document and the suggestion was immediately opposed by Mr. Ian Paisley, the main Unionist representative at the conference.

Yesterday, however, Mr. Atkins allowed the three parties attending the conference to table papers setting out their positions, but ruled out of order any discussion of them.

So Mr. Hume's proposals, presented as a revision of his party's annual general conference document entitled "Towards a New Ireland," went uncontested by Mr. Paisley.

The document calls on the British Government to abandon its guarantee to the mostly Protestant Ulster Unionists that the Union with Great Britain will remain intact. Mr. Hume also argued that unity with the Irish Republic should be discussed.

Mr. Paisley has vehemently opposed any such discussion and has demanded that any political solution in Northern Ireland should not include power-sharing with Roman Catholics in general or the SDLP in particular.

The theme of Mr. Paisley's paper was the need for Britain to tighten security. He said: "It is my view, it is the view of my delegation, and it is the view of the overwhelming mass of the people which I represent and for whom I speak that the Irish Republican Army cannot be defeated by political measures.

"There must be a military defeat for terrorism. . . . To date the policies pursued by Her Majesty's Government have failed. They have failed because they have been woefully inadequate."

Mr. Paisley also said that he would be interested in forming a Northern Ireland Government, which was taken to mean that he now wants to be Prime Minister of Northern Ireland.

He said, however, that he would not consider Roman Catholic participation in an Ulster Government. As a sop to the SDLP he said in his proposals to the conference: "Let me say in particular to the SDLP that, if you can accept the supremacy of the ballot box . . . then in return you will find that our proposals will be most forthcoming in respect of the roles of minorities."

After the three papers had been put, Mr. Atkins moved *swiftly* to ensure that there would be no contentious discussion of them. Instead he offered the conference a revision of the original 12-point agenda in his White Paper, which is the basis for the conference.

This agenda is divided into three sub-sections. The first, entitled "Constitutional Framework," has five questions, such as "Should there be one elected body or more?"

The second looks at the powers to be exercised and asks such questions as "What should be the extent of the powers transferred: legislative and executive, or executive only?"

The third section, "The Role of the Minority," asks questions such as "What are the best arrangements to take account of the interests of the minority community in decision-taking, whether legislative or executive?"

Last night it appeared that Mr. Atkins had attempted to rejig the order of business on this agenda. And as a conciliatory gesture the parties said they would go away and consider overnight his reordering of the questions.

The conference will meet again today, but it remains unclear whether Mr. Atkins's measures yesterday will again be able to avoid discussion of Mr. Hume's vexed problem of the Irish dimension.

Truck award

THE 1980 "Truck of the Year" is the MAN 19.321. It was chosen by journalists and transport consultants from Norway, Sweden, Denmark, Germany, Austria, Holland and Belgium with Mr. Pat Kennett, editor of the UK magazine "Truck" as chairman.

Action on lamb ban demanded

By John Wyles in Brussels

MR. PETER WALKER, Minister of Agriculture, yesterday issued a tart reminder to Brussels that France was still maintaining illegal barriers to British lamb exports and demanded that the European Commission "act in accordance with its responsibilities."

But Mr. Walker's complaint to Mr. Finn Olav Gundelach, the EEC Agriculture Commissioner, which followed a French decision to allow imports of British lamb under levy, ruffled few feathers here, where officials are resigned to accusations of dereliction of duty in the lamb row.

It is now nearly four months since the European Court of Justice ruled that France was flouting the treaty of Rome by limiting its imports of British lamb and should cease to do so. But the fact that barriers are still there is testimony to the *Community's* lack of *sanctions* against recalcitrant members. For a variety of reasons, including sensitivity to the French position, the Commission has been reluctant to start fresh legal proceedings against France. But it may be forced to do so next week unless it can swiftly encourage prospects of a negotiated settlement.

Mr. Gundelach is to have talks in London on Thursday and Paris on Friday, intended to *find* a *Community solution* to the problem, caused by the fact that British lamb is produced more efficiently and can be sold more cheaply in France

Although this is usually a quiet time for lamb shipments, Mr. Walker's decision to lean publicly on the Commission two days before the latest diplomatic round was almost certainly a response to erroneous suggestions in the UK that France had lifted its import barriers.

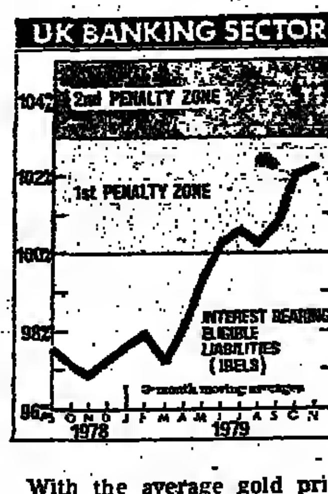
In fact, France has merely changed the nature of the obstacle—from quantitative restrictions on British lamb imports to an import levy of Fr 8.50 a kilo (43p a lb), so that the British product carries a higher price in the French market place than French lamb.

Mr. Walker pointed out yesterday that this move followed a strengthening of domestic lamb prices in France.

THE LEX COLUMN

Eurobonds suffer a gross insult

Index fell 4.3 to 415.6



The Inland Revenue has been sending shivers down the spines of merchant bankers and tax accountants by telling them that it is reviewing the status of foreign and Eurobond issues by UK resident borrowers. It seems that the important principle of interest being paid gross — *which explains the* premium that Eurosterling bonds command over gilt-edged — is in danger.

The Revenue considers that present practice is based upon tenuous legality, and reflects the old official view that foreign borrowing is a good thing in itself, for balance-of-payments reasons, and therefore to be encouraged by favourable tax treatment. The removal of exchange controls implicitly de*stroys this assumption, and the* tax authorities are going back to the rule-book.

More immediately, the situation under which a UK citizen can acquire a sterling bond issued by a British company and receive his interest gross abroad is not at all to the Revenue's liking. It is quite understandable that the authorities should object to giving tax relief to a borrower if the corresponding lender is able to evade tax.

But the energetic tax evader is not going to be stopped by the Revenue's new code: he can buy a bond issued by a non-UK borrower and stash away the gross interest in Luxembourg. The Revenue is doing little more but taking temptation out of the way of the small man, at the price of squeezing UK borrowers out of the international markets—foreign investors are not going to want to be forced to reclaim tax withheld at source. Gross coupons are the lifeblood of the Eurobond market.

It was bad enough to have the banks put under pressure to pretend that exchange controls still exist in running their loan books. Now British borrowers abroad will be forced back into the expense of using overseas financing vehicles, and even the back-to-back loan, missing presumed dead, may be resurrected.

Gold Fields

The unsurprising effect of the rise in the gold price has been to create some very healthy profits for gold mines. Working profits for the South African mining companies in the Consolidated Gold Fields group were 34 per cent higher in the three months to December than in the previous quarter at £170m.

With the average gold price up from $300 an ounce in the previous quarter to $400, working profits from marginal mines rose dramatically; at Ventersspost results were 172 per cent better. Helped by the tax system, under which capital allowances can be set off against marginal rates in the 70 per cent region, this will mean a new lease of life for older mines like *Libanon* and Doornfontein. However development in these two mines will mean conservative dividend policies.

For the group, the further rise in the gold price from the $400 level, together with its steel stockholding business in the U.S. and a good performance from Amey, is likely to lead to full-year pre-tax profits of about £150m and a prospective yield of about 6.5 per cent. This modest yield is partly explained by speculation about a predator share-holding in the stock, which has probably added between 50p and 100p to the price, now 424p.

The yield looks particularly unimpressive against those of the individual South African mines. If the 1980 gold price averages $500 an ounce, the prospective yield of non-marginal mining companies like West Driefontein and Harmony could be close to 25 per cent when bought through the Financial Rand.

U.S. Reinsurance

The bid battle for ERC Corporation, one of only two major independent reinsurance groups left in the U.S., is proving to be the most entertaining of the recent crop of insurance takeovers in the U.S. Just as Aetna swallowed American Re a year ago, so Connecticut General — one of the biggest life companies — is seeking to broaden its operations by buying ERC, which has a diversified portfolio of reinsurance business as well as a rapidly growing life side. It is now prepared to offer $90 cash per share — or $547m — which is about twice net worth and maybe 11½ times last year's earnings. Connecticut's own p/e is only about 5½.

ERC—like other reinsurance companies before it — argues that its business would be damaged by potential conflicts of interest if it was absorbed in a vertically integrated group. The state insurance authorities are also unhappy about the Connecticut approach. And there is a counter bidder prowling round, in the rather unlikely shape of Charter Co., a high flying oil company which has come up with a fancy package of debt also said to be worth $90 a share.

But ERC's major shareholders—which include American General and Lincoln National—may not be too happy with that kind of paper, or with ERC's hostility to a Connecticut offer which would bring them substantial gains. Somewhere in the wings, the lawyers are presumably sharpening their pencils.

Banking figures

Monetary analysts are having their job done for them. Once again the Bank of England came up with an instant indication of the behaviour of the money supply in the December banking month to accompany the eligible liabilities figures. Whereas in November eligibles rose sharply, in December they fell; moderate growth of sterling M3 in both months now leaves it just above the target range.

Some of the external flows which distorted the November figures seem to have been reversed. And the banks have been applying themselves to the important task of keeping out of the second penalty zone of the corset. Seasonally slack bank lending has taken pressure off the reserve asset base, and allowed the banks to reclassify money at call with the discount market as interbank money.

These figures are not unsatisfactory, but the market's sights are firmly set on the data for the month to January 16. Tax collection still seems to be sluggish, and public borrowing presumably high. The gilt-edged market could improve the figures at a stroke by buying up the remains of the long tap, but enthusiasm is somewhat lacking.

Weather

UK TODAY

CLOUDY and rather misty. Occasional sleet or snow. Cold. Max. 3C (37F).

London, S.E. and E. Anglia, E. Midlands
Cloudy, outbreaks of rain, sleet or snow. Cold. Max. 5C (41F).

Cent. S. England, Channel Isles
Cloudy, bright intervals. Max. 3C-4C (37F-39F).

Cent. N. England, N.E. England and E. England
Cloudy, rain, sleet or snow. Max. 5C-6C (41F-43F).

W. Midlands, Isle of Man, N. Ireland, N. Wales
Cloudy, rain with sleet. Max. 8C-10C (46F-50F).

S.W. England, S. Wales
Bright intervals at first, sleet or snow later. Max. 5C-6C (41F-43F).

N.W. England, W. Scotland, Cent. Highlands
Cloudy, bright intervals. Sleet or snow. Cold. Max. 1C-3C (34F-37F).

Outlook: Cold, some sleet.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	12	54	L. Plms.	F	18	64
Algiers	S	18	61	Lisbon	C	11	52
Amsdm.	C	2	36	Locarno	C	3	37
Athens	S	14	57	London	C	5	41
Bahrain	S	18	64	Luxmbg.	C	2	36
Barclna.	F	10	50	Madrid	S	4	39
Beirut	S	17	63	Majorca	F	14	57
Belfast	S	5	41	Malaga	S	15	59
Belgrd.	Sn	–3	27	Malta	F	14	57
Berlin	C	–4	25	M'chstr.	C	4	39
Biarritz	C	10	50	Melbne.	C	23	73
Bmghm.	C	4	39	Mex. C.	S	21	70
Blackpl.	C	3	37	Milan	Fg	–3	27
Bordx.	C	9	48	Mntreal.	C	4	25
Boulgn.	S	3	37	Moscow	S	–13	9
Bristol	C	4	39	Munich	C	0	32
Brussels.	Fg	2	36	Nairobi	S	24	75
Budpst.	C	–1	30	Naples	S	10	50
B. Aires	S	32	90	Nwcstl.	C	5	41
Cairo	S	18	64	N. York	S	0	32
Cardiff	R	4	39	Nice	F	10	50
Cas'b'ca	F	18	61	Oporto	C	11	52
Cape T.	S	25	77	Oslo	F	–7	19
Chicago	S	–11	12	Paris	C	2	36
Cologne	F	3	37	Perth	S	24	75
Cpnhgn.	Sn	0	32	Prague	Sn	–2	28
Corfu	F	12	54	Reykjvk.	C	7	45
Dublin	C	3	37	Rhodes	F	16	61
Dbrvnk.	C	5	41	Rio J'o	S	30	86
Ednbgh.	C	3	37	Rome	S	10	50
Faro	S	15	59	Salzbg.	S	2	36
Florence	S	6	43	Singapr.	S	31	87
Frankft.	F	3	37	Stckhm.	C	–1	30
Funchal	S	18	64	Strasbg.	C	4	39
Geneva	F	2	36	Sydney	C	23	73
Gibrltr.	F	15	59	Tangier	S	16	61
Glasgow	C	4	39	Tel Aviv	S	16	61
G'rnsey	C	6	43	Tenerife	C	13	55
Hlsnki	Sn	–5	23	Tokyo	S	4	39
H. Kong	C	16	60	Toronto	C	–2	28
Innsbrk.	F	–1	30	Valencia	S	9	48
Invrnss	S	1	34	Venice	S	1	34
Istanbul	F	7	45	Vienna	C	–1	30
Jersey	C	5	41	Warsaw	C	–5	23
Jo'burg	R	12	54	Zurich	C	2	36

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Western Electric wins order worth $400m overseas

BY JOHN LLOYD

WESTERN ELECTRIC International, the overseas marketing subsidiary of the manufacturing arm of American Telephone and Telegraph (AT & T), has consolidated its new-found position as a major force in international markets with a new contract which takes its current orders to nearly $2bn.

The most recent, announced yesterday, was a $400m contract for a long-distance telephone switching system for South Korea.

It follows a $1bn contract for local exchanges, some details of which emerged at the end of last year.

Neither contract has been finalised, and detailed negotiations are continuing between Western Electric and the South Korean Government.

However, the company has been selected from a list of four competing for the contract. The three others were Siemens of West Germany, Fujitsu of Japan and General Telephone and Electronics of the U.S.

The third contract now nearing completion, is the $500m microwave transmission system installed in Saudi Arabia.

These contracts, especially the two in South Korea, are seen by the company as its first step in becoming what it calls "a major force internationally."

Western Electric, which has in the past largely confined its manufacturing activities to serving the Bell network in the U.S. now needs overseas orders to compensate for a slackening of home market growth, and for the effects of higher productivity as it moves from the electro-mechanical to the electronic era.

In the three to four years in which it has been trying hard to establish itself in foreign markets, Western Electric has seen the two largest telecommunications contracts in the world—in Saudi Arabia and Egypt—go to European consortia.

Continued from Page 1

Steel strike

made at abortive peace talks on Monday night.

Mr. Sirs said in view of the corporation's rejection of the union proposals an offer to establish local joint productivity committees—something which BSC had been seeking for a long time—had been withdrawn and the unions had "no intention of making that sort of offer again."

The executive decided on a general tightening of the organisation of the strike. This is likely to include attempts to halt the movement of all steel at ports.

In the next few days the unions will issue leaflets to the public explaining their case. Following the failure of Monday's peace efforts they are digging in for a long strike. The ISTC and NUB executives are not due to meet again until next Wednesday.

The General and Municipal Workers Union yesterday joined the ISTC, the NUB and the Transport and General Workers Union in making the strike official.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said yesterday that if talks between BSC and the craft unions break down today the AUEW will also make the strike official.

Senior Ministers discussed the steel strike at a Downing Street meeting yesterday but remain determined not to intervene.

Continued from Page 1

Gold falls

The bank's gold holdings totalled slightly more than 10m oz at the end of last month. In spite of the additional sales, the reserves are still several hundred thousand ounces higher than in mid-1979.

That is because the authorities have over the past six months repurchased some of the 8m oz of bullion pledged to foreign banks in "swaps" arranged in 1976 and 1977.

Repurchase prices have been well below current market levels so that the bank has made a handsome profit on the small amounts of gold it has resold.

BL executive to head GKN Autoparts

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

GUEST KEEN and Nettlefolds announced yesterday that it had recruited a BL top executive, Mr. Tim Worrall, 34, to head its newly formed UK automotive components distribution company.

GKN Autoparts (UK), with 250 outlets and an annual turnover of £70m, will pull together the distribution interests acquired from Armstrong Equipment and Sheepbridge Engineering.

Mr. Worrall is managing director of S. U. Butec, BL's components manufacturing and distribution company with a turnover of about £120m. His task will be to expand GKN's interests in the replacement components market where until the acquisitions of the past nine months, it had been weak.

Completion of a deal that will make GKN one of the biggest independent components distributors in France, was also announced yesterday.

Unilever has sold about 80 per cent of its stake in Unigep, a French group distributing motor and industrial components with a turnover of about £35m, Unigep has 26 outlets in France.

Mr. Jerry Clancy, chief executive of GKN Autoparts International, said the Unigep purchase would provide the nucleus around which GKN could expand its components distribution interests both in France and across the Continent.

GKN has also made another acquisition in the U.S., where 10 months ago it purchased Parts Industries Corporation of Memphis, the fourth largest independent distributor, with a $100m turnover. The new company is World Parts which specialises in the supply of components for imported cars.

Mr. Clancy, a former BL Cars director, who joined GKN shortly after the appointment of Sir Michael Edwardes as BL chairman, said he would look for further growth, not only in the U.S. and Europe but also in South America.

He said the UK operation was already the largest independent distributor and would be in a strong position to handle parts for the growing volume of imported cars.

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